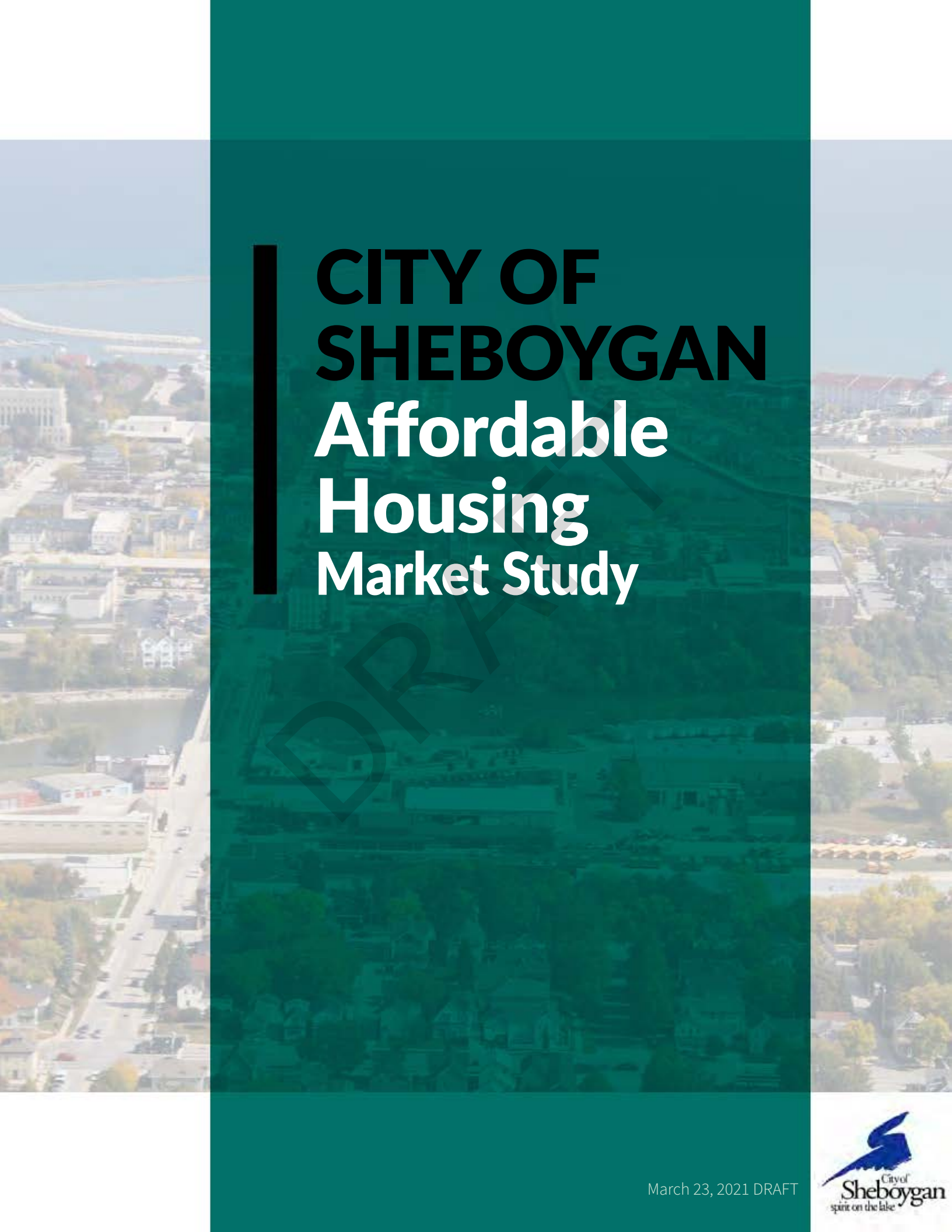


**\*\*\*ATTACHMENTS\*\*\***



# CITY OF SHEBOYGAN Affordable Housing Market Study

March 23, 2021 DRAFT



# ACKNOWLEDGMENTS

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## DEFINITIONS

### **Affordable Housing:**

Housing that serves lower-income residents, typically households earning 80% of the area median income (AMI) as calculated by the US Department of Housing and Urban Development (HUD).

### **Housing Affordability:**

The measure of how much a household can spend toward total housing cost. The widely accepted standard for affordability states that a household should spend no more than 30% of their gross income toward housing costs.

### **Workforce Housing:**

Housing that is affordable to the workforce in a community. Because incomes within the workforce vary, a range of housing options is needed to fit the needs of the community.

## GLOSSARY

**ACS:** American Community Survey (Census Bureau)

**AMI:** Area Median Income

**DOA:** (Wisconsin) Department of Administration

**HUD:** (US Department of) Housing and Urban Development

# EXECUTIVE SUMMARY

## SHEBOYGAN AFFORDABLE HOUSING MARKET STUDY

### INTRODUCTION

The purpose of this study is to help the City better understand its affordable housing market, which starts with a general understanding of the overall housing market. This study examines the existing balance between housing demand and supply by analyzing data, talking to housing experts, and understanding local residents' experiences. Based on this examination housing gaps in Sheboygan are indicated. To close these gaps and improve affordable housing options in the City, this study lays out a toolbox of targeted strategies.



### KEY FINDINGS

- The City's population is projected to decrease over the next 20 years, however **population in the region is projected to grow and employers are anticipating continued hiring**. With the right housing and amenities, the City could capture some of this anticipated regional growth.
- There is a **growing senior population and lack of independent and assisted living options** in Sheboygan. Developing housing options for seniors will have the added benefit of putting additional affordable, single-family homes on the market.
- There is a demonstrated **need for affordable AND market rate housing** in the City. The development of market rate housing frees up more affordable units in the City that are currently rented/owned by households at higher income levels.
- For a hypothetical household earning median income in Sheboygan (\$31,589), **50% of existing rental units are considered affordable**. Despite having low housing costs, there is a concern about quality of existing units in the City due to their age.
- In 2020 the market cap rate for the multi-family apartment market in the City was 7.4%, the lowest it has been in ten years. This indicates **developing rental units is less profitable than it has been in recent years**.
- Development of new single-family homes has remained low in Sheboygan primarily due to the lack of space available for greenfield development. The City's **primary opportunity for new neighborhood development is annexation**.
- **Developers like working in Sheboygan**. In the past the City has proven to be flexible and willing to work with developers, especially to get affordable units constructed.
- In order to fully meet the City's affordable housing needs, **partnerships with surrounding communities and additional programs at the State and Federal level are needed**.

# EXECUTIVE SUMMARY

## HOUSING GAPS & OPPORTUNITIES

Using both conservative and high growth scenarios to arrive at a range, the City will need the following to meet projected housing demand by 2030:

- **401 - 1,023 rental units (40 - 102/year)**

This equates to approximately the following per year, based on current rental price points and HUD FY2020 income categories:

- 184-471 units with monthly rent up to \$918
- 112-287 units with monthly rent between \$1,028-\$1,468
- 104-266 units with monthly rent greater than \$1,284

- **325 - 1,023 owner-occupied units (32 - 102/year)**

This includes attached and detached units and equates to the following per year, based on current ownership price points and HUD FY2020 income categories:

- 60-131 units priced up to \$129,000
- 64-141 units priced between \$146,000-\$222,000
- 45-100 units priced between \$192,000-\$281,000
- 156-342 units priced greater than \$234,000

## PRIORITY FOCUS

(refer to pages 80-85 for more detail)

### Unit Types Needed

- **Condo Ownership**—Attached ownership units with less land cost than detached single-family homes.
- **Senior Housing**—Independent and assisted living units for the growing senior population.
- **Missing Middle Housing**—Varied housing forms with 2-16 attached units, either rental or condo, addressing both affordability and neighborhood compatibility.
- **3+ Bedroom Rentals**—Quality units appropriately sized for families.

### Location

- **Infill Development**—The City has limited greenfield growth opportunities. A high priority should be placed on infill housing of various types, especially downtown and along certain corridors or neighborhood enhancement nodes.

## STRATEGIES TO IMPROVE HOUSING OPTIONS

### Communication Strategies

1. **Establish Housing Committee**—The Housing Committee can be the driving force to implement this plan, provide oversight on the development and administration of funding programs, support public outreach about the City's housing needs and programs, and support updates to this plan as the market shifts and outside funding programs change.
2. **Provide Housing for All**—In all of the programs, strategies, and communication the City has related to housing, a core message should be that the City believes in access to safe, affordable housing options for all.
3. **Attend WHEDA Events**—Attend WHEDA events with a goal of networking with developers and letting them know the City is supportive and wants to work with developers to diversify the City's housing stock.
4. **Continue Developer Summits**—Continue to host Developer Summits to provide information about the community and potential development/redevelopment sites to developers, with a focus on affordable housing developers.

### Initiatives

5. **Assist & Grow Neighborhood Associations**—Promote neighborhood identity and social cohesion through neighborhood associations. Use neighborhood associations as a way to engage residents in planning efforts and developments.
6. **Purchase and Market City-Owned Redevelopment Properties**—Purchase property and solicit desired housing development proposals.
7. **Develop Neighborhood Master Plans**—Develop neighborhood master plans for the City's two primary growth areas within its extraterritorial jurisdiction that are designated as planned neighborhoods on the City's future land use map.
8. **Create a Tenant Resource Center**—Create a Tenant Resource Center dedicated to promoting positive relations between tenants and landlords.

### Regulation

9. **Allow Multi-Family Units as a Permitted Use**—Amend the zoning code to allow multi-family units as a permitted use in residential districts.
10. **Reduce Setbacks**—Amend the zoning code to reduce front and side yard setbacks in all residential districts.
11. **Create a New Residential District**—Create a new residential zoning district to enable smaller lots on alleys.



# EXECUTIVE SUMMARY

12. **Continue Code Enforcement Program**—Continue the City’s code enforcement program with a focus on working with willing property owners, applying empathy and offering solutions to solve problems.
13. **Continue Flexibility on Infrastructure Requirements**—Continue flexibility on curb requirements and allowing modified cross sections for new greenfield development to lower costs for developers/homebuyers.

## Funding

14. **Expand Use of Neighborhood Revitalization Fund**—Expand the use of the City’s Neighborhood Revitalization Fund to be a general purpose vehicle that can serve various affordability initiatives anywhere in the City.
15. **Facilitate Development of a Workforce Housing Fund**—Facilitate the creation of a Workforce Housing Fund with major employers and investors in the area for the purpose of funding affordable units for workers in the region.
16. **Utilize Tax Increment Financing for Affordable Housing Incentives**—Use TIF for the construction of infrastructure to encourage the development of housing.
17. **Utilize Tax Increment Financing-Affordable Housing One-Year Extension**—Hold open TIF Districts that are about to be closed for one additional year beyond their planned or maximum duration to generate funds that can be used anywhere in the City for affordable housing.
18. **Promote the Use of the Federal and State Low Income Housing Tax Credit (LIHTC) Program** — Support and encourage developer use of LIHTC. Neighborhood Revitalization Funds could be used as local match for LIHTC.
19. **Increase use of WHEDA 7/10 Flex Financing**—Encourage developers to apply for these low interest loans that require developers to set aside at least 20% of units to households at or below 80% AMI.
20. **Increase Use of Downpayment Assistance**—Promote Partners for Community Development, Wisconsin Housing and Economic Development Association (WHEDA) and Federal Home Loan Bank of Chicago (FHLBC) downpayment assistance programs.
21. **Co-Author Bill That Offers Rental Incentives**—Work with State Legislators to co-author a bill that would allow municipalities the ability to offer a local property tax credits to landlords who rent or renew a lease with someone convicted of a crime.

## Partnerships

22. **Support Habitat for Humanity, Partners for Community Development, and Other Affordable Housing Providers**—Maintain supply of lots for new home construction and rehabilitation of existing buildings.
23. **Continue Landlord Education**—Continue landlord education and advertisement about education opportunities.
24. **Form Working Groups with Major Employers**—Convene major employers annually to discuss housing issues and initiatives.
25. **Explore Opportunities to Offer On Site Child Care and Health Care**—Explore the opportunity to partner with a property management company that offers as a feature of renting, access to healthcare or child care.

# INTRODUCTION

This study was commissioned by the City of Sheboygan Planning & Development Department. The City has identified affordable housing as a critical issue in its most recent strategic plan and the Livable Sheboygan Action Plan. This issue is also one that is frequently cited as a priority by citizens responding to the City’s annual community survey. The purpose of this study is to help the City better understand its housing market and to craft targeted strategies to improve affordable options within the community.

There are two parts to the Sheboygan housing supply. The first is all of the housing in Sheboygan and the second is all of the housing outside of Sheboygan for people who go to school or work in the City. The housing in Sheboygan is the easiest to measure and analyze, and is the part that the City has the most control over. The housing outside the City is a bit harder to quantify and qualify, but it is nevertheless important to our understanding of the overall market. This report attempts to document conditions and trends in the overall market, including an understanding of why people are choosing to live where they live.



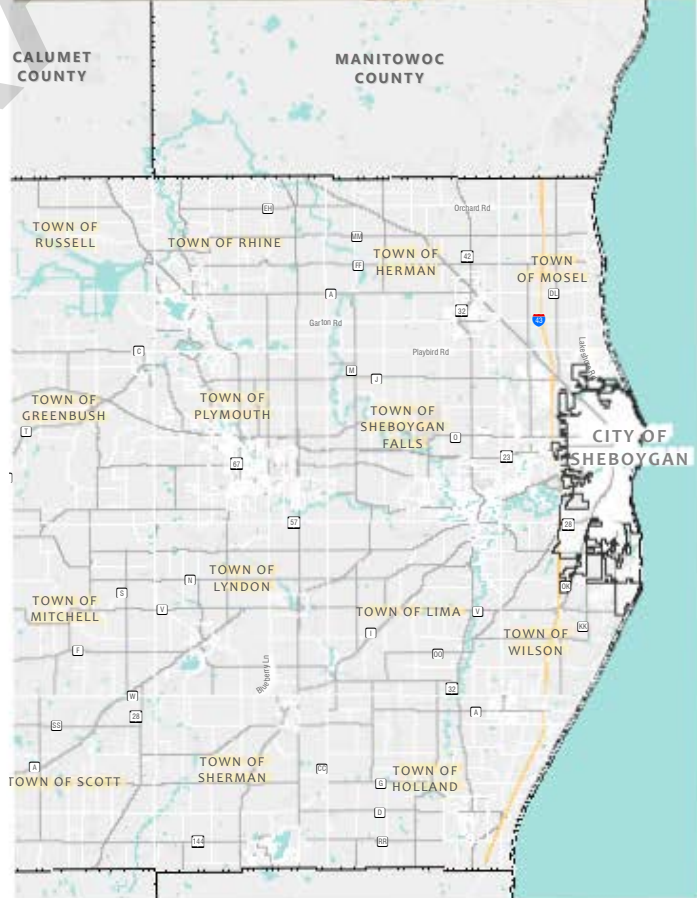
Sheboyganwi.gov

## STUDY PROCESS

This study uses a variety of methods and data to understand the housing market. Objective, measurable data were collected from the City, Sheboygan County, the Multiple Listing Service (real estate listings and sales), the State of Wisconsin, the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. The City is compared to surrounding communities and wider context (county, state, nation) in a variety of ways, and also compared to itself in the form of time-series data that reveal trends. This study also incorporated a series of interviews with people familiar with the housing market- the housing experts, and a community survey of area residents.

### Project Oversight

City Staff from the Planning & Development Department met three times during the study process: first in October 2020 for a kickoff discussion of issues and opportunities facing the City and region, then in January 2021 to review stakeholder input, next for a presentation and discussion of the first draft of the study in February and finally for a public meeting presentation of the final plan in March.



# STUDY PROCESS

## Interviews

The project team met and interviewed a variety of people with knowledge and insight about the local housing market, including realtors, lenders, developers, landlords, and employers. Feedback collected through interviews often naturally gravitated toward similar topics and knowledge, indicating a strong shared understanding of how the local housing market inherently functions. This feedback is used throughout the report. A more detailed summary of the interviews is found in Appendix B.

## Community Survey

A community survey was conducted, online, in November 2020. The survey was offered online. In total the survey had approximately 850 responses. The survey was promoted through an extensive community network, as well as through City media and social media channels. The full responses are provided in Appendix B. Relevant findings are featured throughout the following chapters.

# DEFINITIONS

The terms ‘housing affordability’, ‘affordable housing’ and ‘workforce housing’ are often used interchangeably, however they have different meanings. These terms are defined here to aid in understanding the analysis and recommendations in this study.

## Housing Affordability

Housing affordability is a measure of how much a person or household can spend toward total housing cost. This measure is relative to income, meaning that higher-income households have a wider selection of homes that would be affordable, while lower-income households generally have fewer affordable options within the housing market.

The widely accepted standard for affordability states that a household should spend no more than 30% of their gross income toward housing costs. This standard is the same for owners and renters. For renters this also includes utilities and renters insurance. For homeowners this includes principal, interest, taxes, insurance and utilities.

Income categories are calculated by HUD, and used to determine appropriate monthly housing costs across different regions. HUD’s income categories are based on Area Median Income (AMI) for a region and divided into typically four categories 30%, 50%, 80%, and >100% AMI. Each category has an income limit based on the number of persons in a household. For the Sheboygan Metro region,

affordability limits are shown on the following page. For example, in Sheboygan a household of four earning 100% of the area median income could afford a \$281,000 home or a monthly rent of \$1,834. In contrast, a household of four earning 50% of the area median income could afford a \$129,000 home or a monthly rent of \$918.

## Affordable Housing

Affordable housing is housing that typically serves the lowest-income residents of a community. Generally this includes residents with no income up through residents making 80% the area median income. Income limits calculated by the US Department of Housing and Urban Development (HUD) give ranges for which housing market service levels are measured. The income limits for Sheboygan are defined using the Sheboygan Metropolitan Statistical Area (which includes Sheboygan County). Current 2020 Income limits for the Sheboygan Metro area are shown in the figure on the following page.

Funding for newly constructed affordable housing almost always comes from subsidies that offset costs of construction and/or operation. This allows rents to be set at a certain price that is manageable for low-income households based on the HUD income limits that come out every year. The price also takes into consideration families’ other expenses such as food, childcare, transportation and healthcare. Other forms of affordable housing include:

- » Naturally Occurring Affordable Housing (NOAH)
- » Housing Operated by Non-Profits
- » Vouchers, Tax Credits, Other Federal Programs

## Workforce Housing

Workforce housing is housing that is affordable to the workforce in a community. Because incomes within the workforce vary, a range of housing options is needed to fit the needs of the community. Workforce housing also means ensuring a supply of affordable housing for employee households that earn minimum wage—and ensuring appropriately priced housing for moderate to high-income earners in both the rental and ownership markets.

Variety in the housing stock is important, as households have a variety of preferences that impact where and how they can live. Important types of variety necessary to serve area employees include structure types, sizes, locations, and price points.

**Figure 1. FY 2020 Income Limits for the Sheboygan Metropolitan Statistical Area**

Source: US Department of Housing and Urban Development

FY 2020 Income Limit Area	Median Family Income for Family of 4	FY 2020 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Sheboygan, WI MSA (includes Sheboygan County, WI)	\$73,375	Extremely Low Income 30% AMI	\$15,400	\$17,600	\$21,720	\$26,200	\$30,680	\$35,160	\$39,640	\$44,120
		Very Low Income 50% AMI	\$25,700	\$29,400	\$33,050	\$36,700	\$39,650	\$42,600	\$45,550	\$48,450
		Low Income 80% AMI	\$41,100	\$47,000	\$52,850	\$58,700	\$63,400	\$68,100	\$72,800	\$77,500

**Figure 2. Affordability Thresholds for Sheboygan Metropolitan Statistical Area**

Source: US Department of Housing and Urban Development

FY 2020 Income Limit Area	Maximum Monthly Housing Cost for Family of 4 (100% Median Income)	FY 2020 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Sheboygan, WI MSA (includes Sheboygan County, WI)	\$1,834	Extremely Low Income 30% AMI	\$385	\$440	\$543	\$655	\$767	\$879	\$991	\$1,103
		Very Low Income 50% AMI	\$643	\$735	\$826	\$918	\$991	\$1,065	\$1,139	\$1,211
		Low Income 80% AMI	\$1,028	\$1,175	\$1,321	\$1,468	\$1,585	\$1,703	\$1,820	\$1,938

# ABOUT SHEBOYGAN

## CITY OVERVIEW

The City of Sheboygan is in Sheboygan County, located along the Lake Michigan shoreline. Sheboygan is the largest community in the County making up nearly half (42%) of the County’s population. It is approximately 60 miles north of Milwaukee and 65 miles southeast of Green Bay.

The City is known for its natural/recreational amenities, historic downtown, strong manufacturing base, and is the Bratwurst Capital of the World.



## KEY DATA

- Based on recent trends, the population in the City is projected to decrease by 2.8% between 2020 and 2040. The County’s population is projected to increase by 1.4% during this timeframe.
- Those age 85+ could increase by 112% (3,000 people ) between 2020 and 2040 in Sheboygan County.
- Employment growth is projected to be +4% in the northeast region of WI between 2018 and 2028.
- The weighted average salary for the most in-demand occupations in the Bay Area region is \$50,000.
- Sheboygan’s median household income is lower than surrounding communities at \$48,313.

# POPULATION

Population within the City has decreased over the past decade while populations within surrounding communities and the County have increased. Between 2010 and 2020 Sheboygan saw a net decrease of 978 residents. This represents a 2.0% decrease in population. The Cities of Plymouth (4.1%) Sheboygan Falls (10.4%), and Village of Kohler (1.6%) all saw population growth during this time period. The County overall experienced a growth of 1,596 residents, an increase of 1.4%.

The growth pattern within the surrounding communities indicates the City's loss of potential growth to these areas. The City's relatively population loss within overall County population growth suggests that the City could be attracting a larger share of the growth in people and housing than it currently is.

Population change is directly tied to change in the number of households and the size of those households, both of which are influenced by availability of desirable units within desired markets. Sheboygan's data indicates relatively stable household size over the last decade with a decrease in the total number of households in the City.

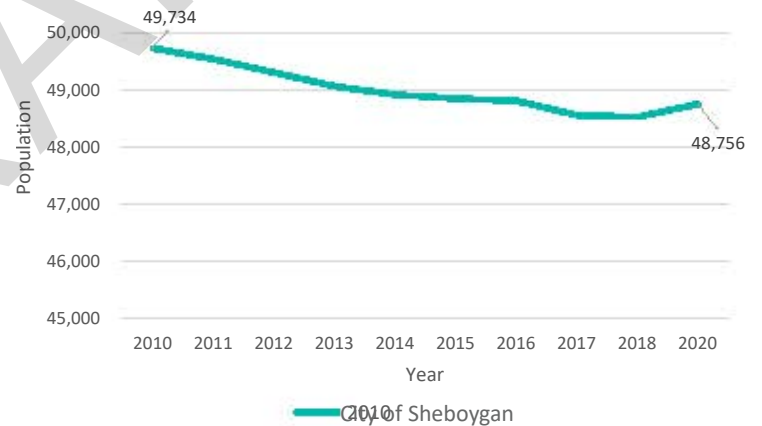
**Figure 3. Population Change in Sheboygan and Surrounding Communities**

Source: 2010 ACS 5-Year Estimates, WI DOA 2020 Estimates

Municipality	2010-2020 Population Change	% Change Over Decade
City of Sheboygan	-978	-2.0%
City of Plymouth	343	4.1%
City of Sheboygan Falls	788	10.4%
Village of Kohler	32	1.6%
Sheboygan County	1,596	1.4%

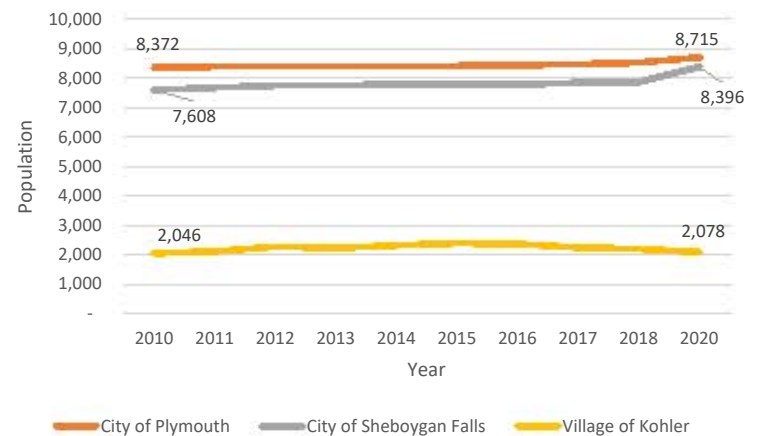
**Figure 4. Population Growth Trend in Sheboygan**

Source: 2010-2018 ACS 5-Year Estimates, WI DOA 2020 Estimates



**Figure 5. Population Growth Trend in Surrounding Communities**

Source: 2010-2018 ACS 5-Year Estimates, WI DOA 2020 Estimates



# HOUSEHOLDS

**Figure 6. Change in Total Households in Sheboygan and Surrounding Communities**

Source: 2010-2018 ACS 5-Year Estimates

Municipality	2010-2018 Household Change	% Percent Change Over Decade
City of Sheboygan	-648	-3.1%
City of Plymouth	341	9.1%
City of Sheboygan Falls	298	9.1%
Village of Kohler	92	11.9%
Sheboygan County	731	1.6%

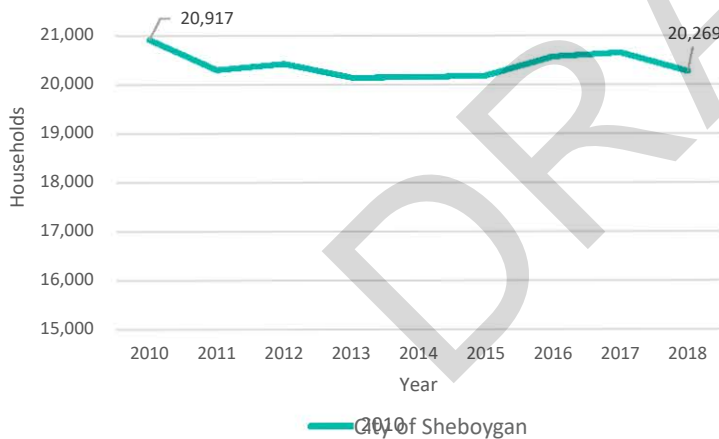
The estimate of total households within the City has fluctuated, but overall has declined since 2010 by 3.1%. While Sheboygan experienced a decrease in households, surrounding communities of Plymouth (9.1%), Sheboygan Falls (9.1%), Kohler (11.9%) and the County (1.6%) all saw an increase in households.

Between 2010 and 2018 Sheboygan’s average household size stayed relatively stable around 2.35. Communities surrounding Sheboygan have experienced a decrease in household size. Nationwide, average household size has generally decreased since 1900, however since 2010 there have been signs that this trend is reversing.

National trends show that most age groups are living in larger households now than they were a decade ago. This change is most prominent for adults age 35 and older. Between 2010 and 2017 there was a three percent increase in the number of adults age 35 and older living in households with at least three people. A common explanation for larger households is people living in multi-generational households or doubling up—this could be a parent of the householder or a roommate.

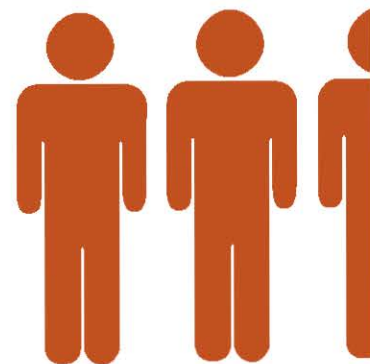
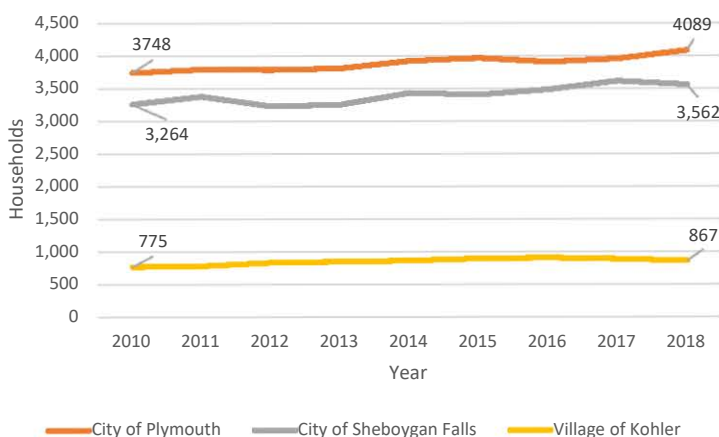
**Figure 7. Household Trends in Sheboygan**

Source: 2010-2018 ACS 5-Year Estimates



**Figure 8. Household Trends in Surrounding Communities**

Source: 2010-2018 ACS 5-Year Estimates



**2.35**

Average Household Size in Sheboygan

Source: 2018 ACS 5-Year Estimates

# AGE COHORTS

Age trends are used to help predict current and future needs of the community. As people continue to age or add members to their households, their needs change as well. Since 2010, the City has seen an overall decrease in population. Most age cohorts have also decreased indicating a lack of new families moving to the area, however some age cohorts have increased. The number of middle-aged (55-64) and older adults (65+) in the community has increased due to the Baby Boomers aging into this category over the decade, which is consistent with general trends of aging in the County, State, and Nation as Baby Boomers reach retirement. Older households tend to have unique housing needs.

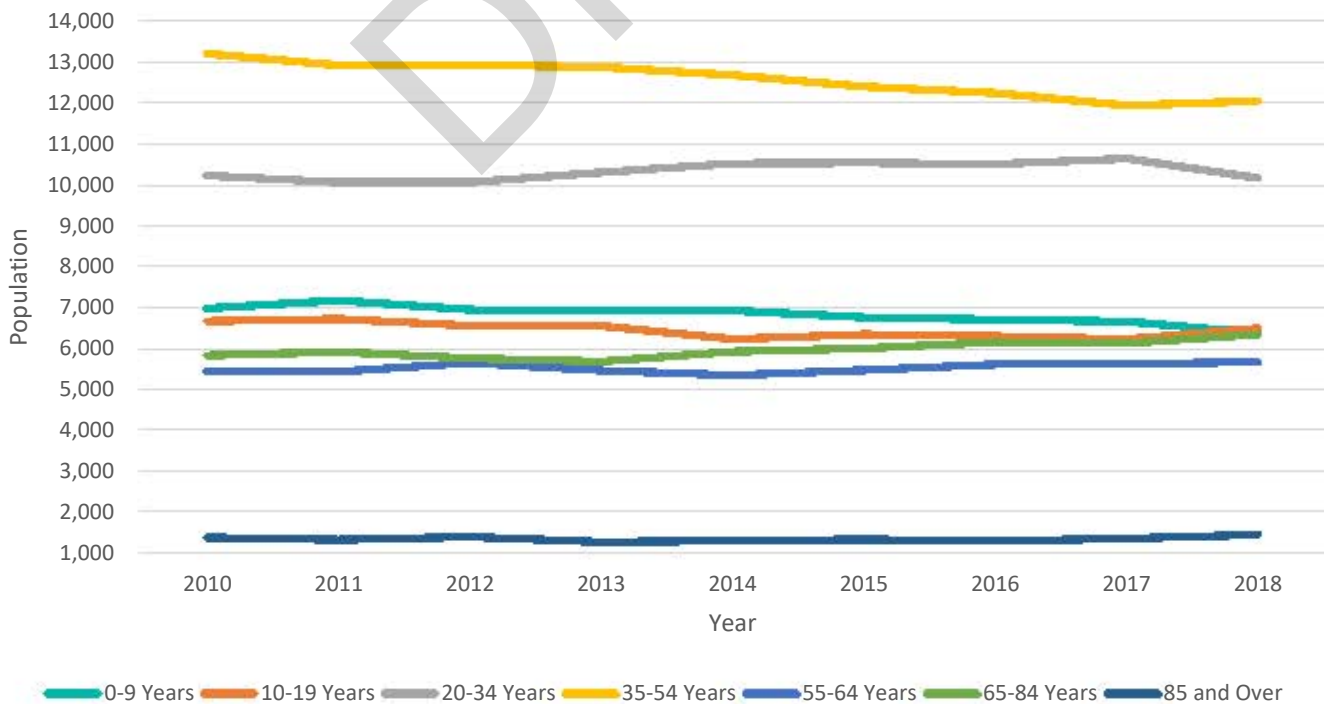
**Figure 9. Change for Age Cohorts in Sheboygan 2010-2018**

Source: 2010-2018 ACS 5-Year Estimates

Sheboygan	Total Change 2010 -2018	% Change
0-9 Years	-617	-8.8%
10-19 Years	-171	-2.6%
20-34 Years	-64	-0.6%
35-54 Years	-1,159	-8.8%
55-64 Years	225	4.1%
65-84 Years	518	8.9%
85 Years and Over	65	4.7%
<b>Total Change</b>	<b>-1,203</b>	<b>-3.1%</b>

**Figure 10. Age Trends in Sheboygan**

Source: 2010-2018 ACS 5-Year Estimates



# POPULATION PROJECTIONS

Sheboygan's future population growth has been projected by the State Department of Administration (DOA). The latest projections were made in 2013 for 2020 through 2040. We now have estimates for 2020. Because DOA's 2020 projections were two percent higher than actual estimates for Sheboygan and surrounding communities, DOA's 2025 through 2040 projections have been adjusted down by two percent.

Based on the adjusted projections reflecting recent trends, the City's population is expected to contract by approximately 2.8% or 1,367 residents between 2020 and 2040. Out of the surrounding communities, Sheboygan

Falls is projected to have the greatest percentage increase in population during this timeframe (17.2% or 1,446 residents), followed by Kohler (10.0% or 208 residents), and then Plymouth (9.7% or 845 residents). Sheboygan County is expected to add 5,140 residents during this timeframe, an increase of 1.4%.

DOA projections are based on historical trends, and market forces and local policy can have a large impact on the long-term accuracy of these projections. There is potential that a strategic investment in housing opportunities within the City could shift these projections.

**Figure 11. Population Projections for Sheboygan**

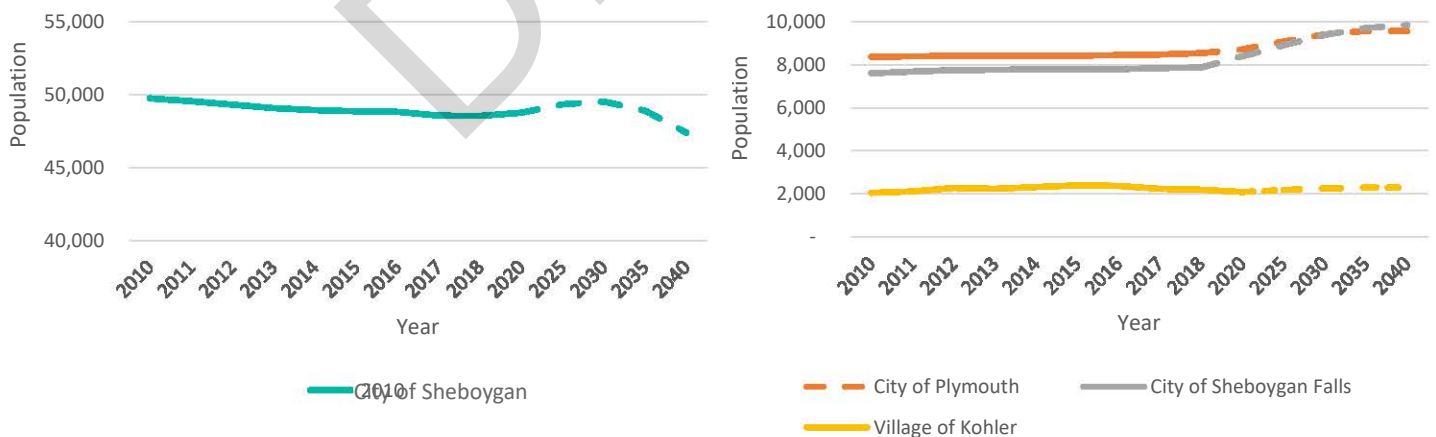
Source: WI DOA Projections

Sheboygan Population Projections	2025	2030	2035	2040
DOA Projection	49,317*	49,513*	48,894*	47,389*

\*Adjusted based on 2020 actual DOA population estimates

**Figure 12. Population Projections for Sheboygan and Surrounding Communities**

Source: 2010-2018 ACS 5-Year Estimates, WI DOA Projections



# HOUSEHOLD PROJECTIONS

**Figure 13. Household Projections for Sheboygan and Surrounding Communities**

Source: 2018 ACS 5-Year Estimates, WI DOA Projections



Projecting Sheboygan's future households is tied to both future population projections as well as future anticipated persons per household as demographics change and people age. Across the nation, reductions in household size have occurred over the last 100 years, but it appears that size may now be increasing. At the time the Wisconsin Department of Administration calculated household projections (2010) size was still trending downward, indicative of populations continuing to age, dependents leaving their family households and most likely creating their own households, and longer formation periods for young-family households than existed in prior decades. Projection methods for the City show a steady rise in households in Sheboygan until 2030 when total households plateaus and then decreases in 2040, corresponding with the expected decline the WI DOA projects in overall population. Household projections in surrounding communities are projected to occur at a more rapid pace and no decrease in total households is expected.

# AGE COHORT PROJECTIONS

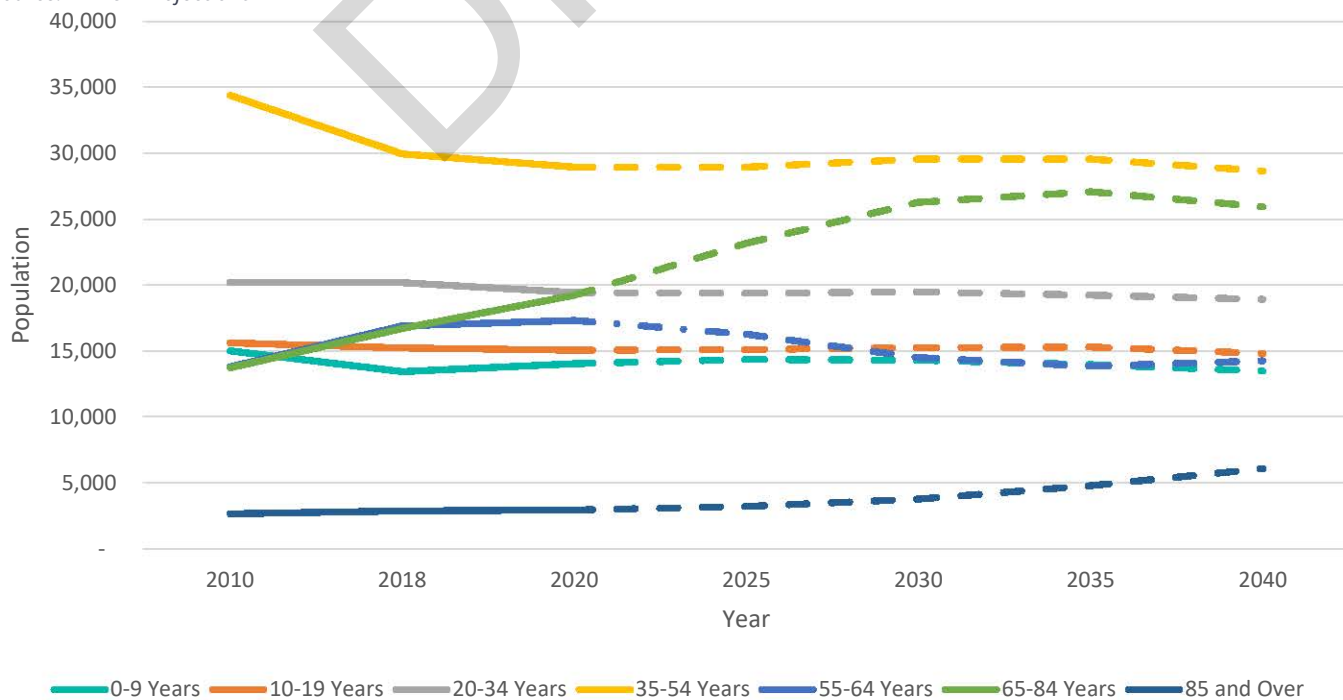
As populations age, their housing preferences often change. Older households may choose to continue to live in their current homes, however many will opt to move and downsize or seek housing that is better set up to meet new housing needs and preferences. Younger households may rent for longer periods of time than they used to, however recent studies have shown that young householders move into homeownership eventually and seek smaller, more affordable homes. Though due to current low interest rates and other dynamics associated with COVID-19, first time homebuying has accelerated.

The WI DOA doesn't project age cohorts by municipality, but does at the county level. If we assume similar trends occurring within the City, the age cohort with the greatest rate of growth is those age 65-84 (55%) and 85 and greater (112%). The only other age cohort projected to have an increase in population is age 0-9 (0.4%), indicating some formation of young, growing families. All other cohorts are projected to have zero or negative growth.

These projections indicate a need for appropriate housing for seniors (either aging at home or moving) and for young families who may be starting to have children.

**Figure 14. Age Cohort Projections Sheboygan County**

Source: WI DOA Projections



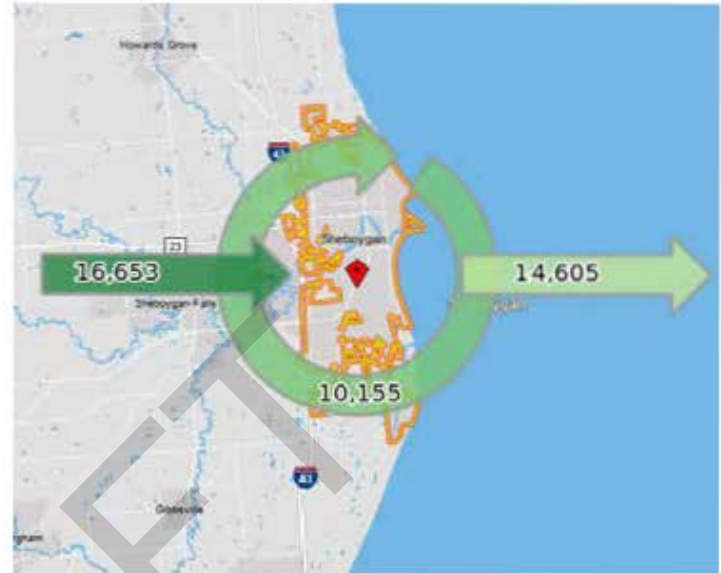
# EMPLOYMENT INDICATORS

Place of residence often coincides with location of a person's job, though we also expect to see a high degree of mobility within a metropolitan area. The figure on the right represents inflow and outflow of the City's workforce. The number of people that work in Sheboygan is about 27,000. Of this 27,000, 16,653 live outside of Sheboygan and 10,155 live in Sheboygan. The second highest place of residence for Sheboygan workers is Sheboygan Falls, which is not surprising as it is a ten minute drive to the west. There are 14,605 people who live in Sheboygan but work in another community.

Many workers in Sheboygan coming from other communities are coming from communities within a half an hour radius, however there are a number of Sheboygan workers coming from further away locations such as Milwaukee (1 hour commute), Green Bay (1 hour commute) and Fond du Lac (45 minute commute). The data also shows that people from Madison, Milwaukee and Appleton commute to Sheboygan for jobs. There is a large number of workers from "All Other Locations" which includes workers who live in unincorporated areas and other small towns outside of Sheboygan.

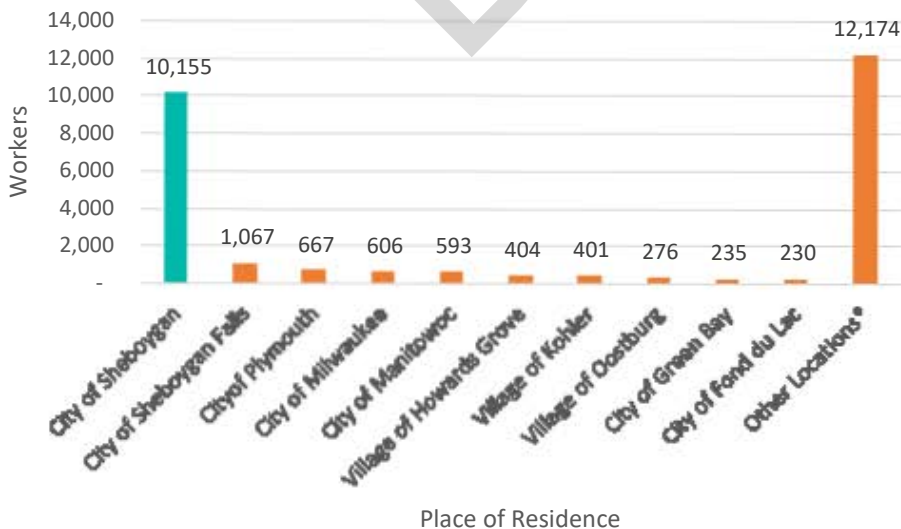
**Figure 15. Inflow/Outflow Analysis in Sheboygan**

Source: onthemap.census.gov



**Figure 16. Place of Residence for all Workers in Sheboygan**

Source: onthemap.census.gov

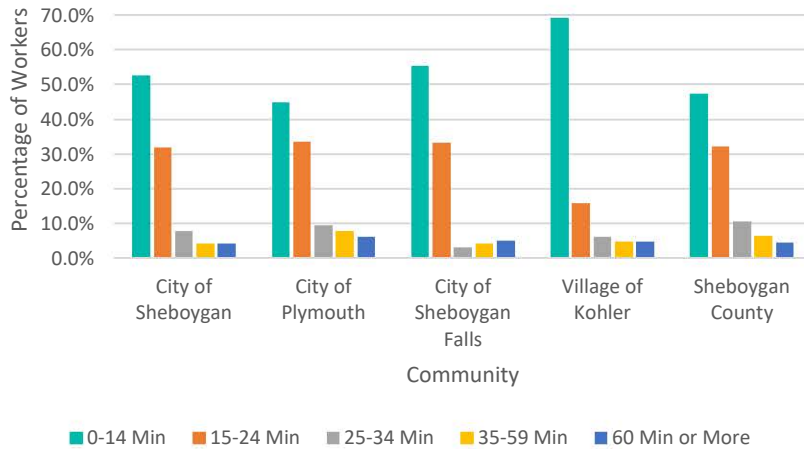


- Top "Other Locations":**
- West Bend
  - Mequon
  - Germantown
  - Wauwatosa
  - Waukesha
  - Elkhart Lake
  - West Allis
  - Nenah
  - Racine
  - De Pere
  - Kenosha

# EMPLOYMENT INDICATORS

**Figure 17. Commute Times for all Workers in Sheboygan and Surrounding Communities**

Source: 2018 ACS 5-Year Estimates



Commute times in Sheboygan and surrounding communities are fairly low, with the majority of workers commuting in under 24 minutes. People will drive further for a job if they cannot afford housing or find desirable housing in the community where they work.

## Top Employers

Sheboygan County and the City of Sheboygan have a diverse economy with many opportunities for workers of all ages. Currently there are approximately 5,000 job openings within a 30-minute drive of the City of Sheboygan. The largest industry in the area is manufacturing, which provides entry level through executive employment opportunities. Recently the region has seen growth in manufacturing companies, and business expansions are projected to continue.

The industries and top employers below provide opportunities for workers and growth within the community. This is why employment indicators are essential to housing. If there is not lower cost housing available for workers, they are less likely to stay in Sheboygan, or come to the city. Having the appropriate type, price point and location of the housing workers are looking for is essential to the vitality of Sheboygan's economy.

**Figure 18. Top Employers in Sheboygan County**

Source: Sheboygan County Economic Development Corporation

Company	Description	# of Employees
Kohler Co.	enameled iron and metal sanitary ware manufacturing	5,000+
Bemis Mfg. Co.	plastics product manufacturing	1,000+
Aurora Medical Group	physician offices	1,000+
Nemak	aluminum die-casting foundries	1,000+
Sargento Foods, Inc.	cheese manufacturing	1,000+
ACUITY	direct property and casualty insurers	1,000+
Johnsonville Sausage	meat processing	500-999
Rockline Industries	converted paper product manufacturing	500-999
Piggly Wiggly	managing offices	500-999
HSHS St. Nicholas	general medical and surgical hospital	500-999
Masters Gallery Foods	dairy-product merchant wholesalers	500-999
The Vollrath Co.	kitchen utensil, pot and pan manufacturing	500-999
American Orthodontics	dental equipment and supplies manufacturing	500-999
Old WI Sausage	meat markets	250-499
Pine Haven Christian	senior living	250-499
Nemschoff Chairs	institutional furniture manufacturing	250-499

# EMPLOYMENT INDICATORS

In March 2020 the Sheboygan County Economic Development Corporation noted there were 2,785 available jobs in the County. While these jobs span a variety of positions, the most in-demand positions are listed in the tables below, along with median salaries.

Based on these positions, annual salaries for entry level positions range from \$31,000 to \$75,000. Monthly housing payments considered affordable for these positions range from \$775 to \$1,875 per month, though most positions fall within a \$775-\$1,125 monthly rent range. For mid-level positions, annual salaries range from \$44,000 to \$126,000. Monthly housing payments considered affordable for these positions range from \$1,100 to \$3,150 per month, though most positions fall within a \$1,100-\$1,750 monthly rent range. Entry and Mid-Level individuals in these positions are generally looking for rents from \$775 to \$1,750 per month.

Using the Bureau of Labor Statistics assumption that the average household has 1.3 income earners, and the second earner earns \$15,000 per year (30% of \$50,000), family household incomes for two people working in most of these entry or mid-level positions falls between \$46,000 and \$85,000. This translates to monthly housing payments between \$1,150 and \$2,125 for family households. As income is typically a key factor in housing choice, it is important to understand salary levels for current and future job openings in the region to ensure potential residents can afford housing in the community.

During interviews, several major employers in the Sheboygan area noted many of the positions they are currently hiring are hourly full-time positions, generally paying \$18-\$22/hour. For the salaried positions these employers are currently hiring for, annual incomes generally fall between \$50,000-\$80,000. These income levels seem in line with what the County is anticipating.

**Figure 19. Most Needed Positions in Sheboygan County**  
Source: Sheboygan County Economic Development Corporation

Area	Job Title	Median Salary
<b>Entry Level Positions</b>		
Business Management	Management Analysts	\$45,110
Manufacturing	Team Assembler	\$31,330
Transportation	Material Movers	\$32,190
Finance	Bookkeeping	\$37,180
Information Technology	Software Engineer	\$75,480
Construction	Carpenter	\$47,610
Science/Technology	Chemical Technician	\$45,240
<b>Mid-Level Positions</b>		
Business Management	Marketing Manager	\$126,260
Manufacturing	First-Line Supervisor	\$59,200
Transportation	Tractor-Trailer Truck Driver	\$44,200
Finance	Accountant	\$63,390
Information Technology	Database Administrators	\$84,380
Construction	Construction Foreman	\$69,360
Science/Technology	Chemist	\$69,810

# EMPLOYMENT PROJECTIONS

The Bay Area Workforce Development Board (BAWDB) is a non-profit corporation created to address local economic workforce issues in Brown, Door, Florence, Kewaunee, Manitowoc, Marinette, Menominee, Oconto, Outagamie, Shawno and Sheboygan Counties. One task the Board completes is detailed employment projections for the entire Bay Area.

The table below shows employment growth for the Bay Area for major industries between 2018 and 2028. It should be noted that these projections were completed in 2018 and do not include any changes since then due to the pandemic or national policies/programs. The industries projected to experience the greatest increases in employment are the Education and Health Services; Professional and Business Services; Trade, Transportation, and Utilities; Construction; and Self Employed/Unpaid Family Workers. The industries projected to experience a decrease in employees are the Information and Manufacturing industries.

Overall employment is projected to grow by 4% between 2018 and 2028 in the Bay Area. Between 2020 and 2030 the population in Sheboygan County is expected to grow

by 5%. The difference between the employment and population growth projections could be explained by an increase in retirees in the region—those age 65-84 are expected to increase by 37% between 2020 and 2030 and those age 35-54 (working age) are expected to decrease by 16%. Those age 20-34 (working age) are expected to increase by only 0% to 2% during this timeframe.

These projections are also broken down by occupation. The table on the following page shows new projected annual openings due to growth for the Bay Area by occupation. The salary range for these positions falls between \$20,000 and \$100,000, with a weighted average of around \$50,000. If we again assume the average household has 1.3 workers and the second householder has an earned income of \$15,000, this translates to an annual gross household income of \$75,000. An affordable monthly housing payment at this level is \$1,875, which is within the range of incomes calculated for in-demand positions within the County.

**Figure 20. 2018-2028 Employment Projections for Bay Area by Industry**

Source: Bay Area Workforce Development Board projections

Industry	2018 Employment	2028 Employment	# Change	% Change
Education and Health Services	78,355	84,076	5,721	7.3%
Professional and Business Services	40,144	44,203	4,059	10.1%
Trade, Transportation, and Utilities	80,700	83,226	2,526	3.1%
Construction	21,695	23,966	2,271	10.5%
Self Employed and Unpaid Family Workers, All Jobs	21,132	23,205	2,073	9.8%
Financial Activities	24,892	25,722	830	3.3%
Other Services (except Government)	24,236	25,021	785	3.2%
Leisure and Hospitality	41,886	42,537	651	1.6%
Natural Resources and Mining	5,277	5,554	277	5.2%
Government	22,362	22,490	128	0.6%
Information	3,482	3,100	-382	-11.0%
Manufacturing	93,461	91,351	-2,110	-2.3%

**Figure 21. 2018-2028 Employment Projections for the Bay Area by Occupation**

Source: Bay Area Workforce Development Board projections

Occupation	2018-2028 Annual Bay Area Openings due to Growth	Median Salary
Personal Care and Service Occupations	254	\$23,490
Transportation and Material Moving Occupations	214	\$35,010
Management Occupations	210	\$101,940
Construction and Extraction Occupations	181	\$50,380
Healthcare Practitioners and Technical Occupations	164	\$65,770
Computer and Mathematical Occupations	151	\$69,640
Business and Financial Operations Occupations	138	\$62,950
Installation, Maintenance, and Repair Occupations	92	\$47,880
Heavy and Tractor-Trailer Truck Drivers	83	\$48,750
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	71	\$61,050
Laborers and Freight, Stock, and Material Movers, Hand	60	\$38,480
Healthcare Support Occupations	76	\$25,840
Building and Grounds Cleaning and Maintenance Occupations	66	\$26,930
Food Preparation and Serving Related Occupations	69	\$21,820
Sales and Related Occupations	76	\$26,690
Community and Social Service Occupations	71	\$44,650
Registered Nurses	64	\$68,780
Architecture and Engineering Occupations	53	\$76,080
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	31	\$26,650
Accountants and Auditors	26	\$63,000

# INCOME TRENDS

Income and Earnings are key factors in housing affordability. The more income that a household earns, the more housing options that fall within their affordability threshold. A household that spends more than 30 percent of its income on housing is considered housing burdened. While incomes are mobile, meaning households can move from place to place, the physical structure of a housing unit is stationary. In practice this typically means that households often commute, choosing to live wherever they find the acceptable balance among convenience, quality, local amenities, and affordability.

As compared to communities in surrounding communities, Sheboygan has the lowest median household income, \$48,313, and the lowest per capita income, \$24,074. When comparing the County and the City, a larger percentage of households in the City have incomes under \$75,000 (74% vs. 63%).

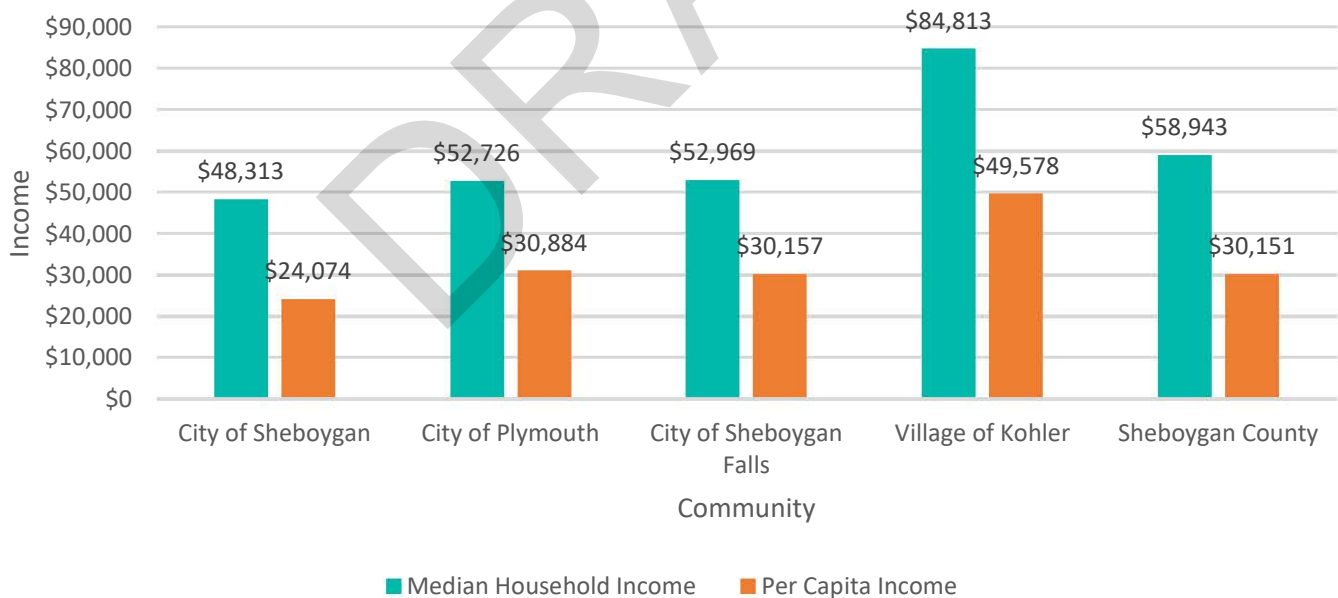
**Figure 22. Income Trends for Sheboygan and Sheboygan County**

Source: 2018 ACS 5-Year Estimates

Income Level	Percentage of Sheboygan Households	Percentage of Sheboygan County Households
Less than \$10,000	4.3%	3.3%
\$10,000-\$14,999	5.7%	4.1%
\$15,000-\$24,999	13.3%	10.2%
\$25,000-\$34,999	12.7%	10.3%
\$35,000-\$49,999	15.3%	14.1%
\$50,000-\$74,999	22.5%	21.3%
\$75,000-\$99,999	12.6%	14.5%
\$100,000-\$149,999	10.9%	14.9%
\$150,000 or More	2.7%	7.4%
\$100,000-\$149,999	10.3%	15%
\$150,000 or More	4.5%	9.2%

**Figure 23. Median and Per Capita Income for Sheboygan and Surrounding Communities**

Source: 2018 ACS 5-Year Estimates



# GENERAL HOUSING CHARACTERISTICS

## OVERVIEW

This section of the plan begins to explore characteristics of the housing market—housing type, age, permits, and occupancy. These are important categories to set a baseline for current and future growth potential to provide the best quality of life for current and future residents.

In brief, the majority of housing in Sheboygan and surrounding communities are single-family detached homes. Sheboygan’s housing stock tends to be older, with the majority of single-family homes built before 1980. Surrounding communities display similar unit age rates, with fewer units constructed over the past ten years. However, in more recent years new multi-family unit starts in Sheboygan have increased, offering both affordable and market rate rent levels.

## KEY DATA

- 56% of dwelling units in Sheboygan are single-family homes.
- 80% of Sheboygan’s housing stock was built prior to 1980.
- Development of new single-family homes has remained low in Sheboygan while the new multi-family units have recently seen a dramatic increase.



City of Sheboygan

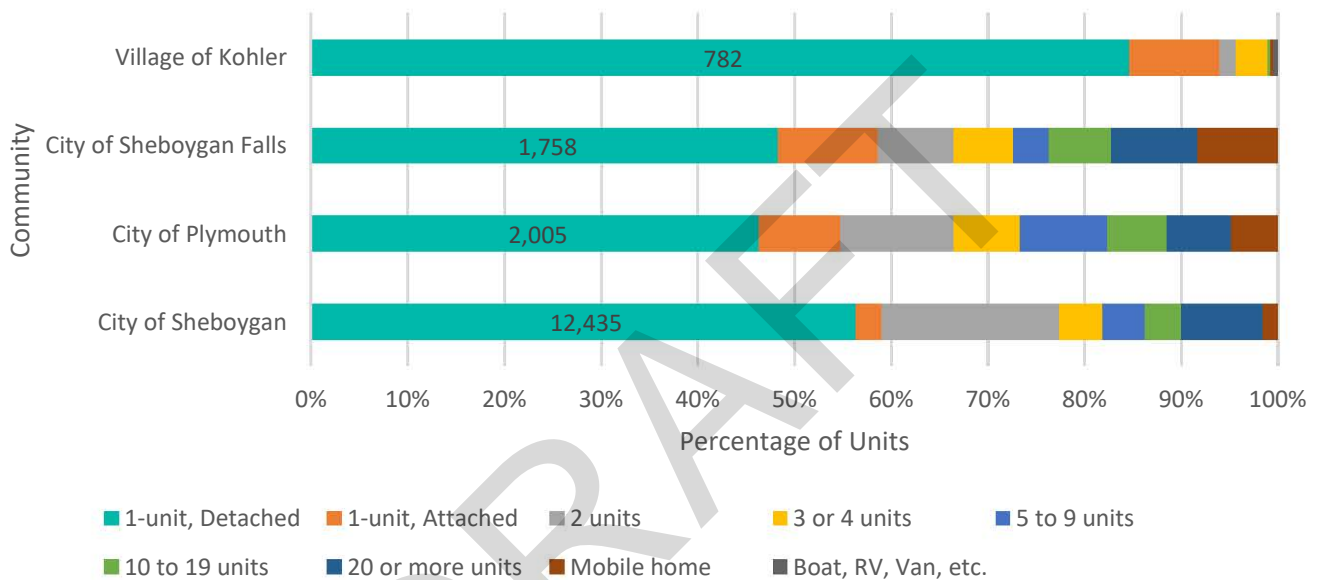
# HOUSING TYPE BY UNIT

A housing “unit” is a single living space—either standalone or as part of a larger structure. The most common structure type in Sheboygan and surrounding communities is detached single-unit homes, commonly referred to as single-family.

The second most common structure type in the City is 2-unit structures (duplex/twinhomes), followed by 20 or more unit structure (larger apartment complexes). These types of units serve an important purpose in providing choices within a market, allowing residents options as to how and where they would like to live.

**Figure 24. Housing Type by Unit in Sheboygan and Surrounding Communities**

Source: 2018 ACS 5-Year Estimates



**Figure 25. Housing Type by Unit in Sheboygan and Surrounding Communities**

Source: 2018 ACS 5-Year Estimates

Housing Unit By Type								
	City of Sheboygan		City of Plymouth		City of Sheboygan Falls		Village of Kohler	
	#	%	#	%	#	%	#	%
1-unit Detached	12,435	56.3%	2,005	46.4%	1,758	48.3%	782	84.7%
1-unit, Attached	609	2.8%	365	8.4%	374	10.3%	86	9.3%
2 units	4,039	18.3%	506	11.7%	286	7.9%	15	1.6%
3 or 4 units	1,000	4.5%	295	6.8%	225	6.2%	31	3.4%
5 to 9 units	961	4.4%	393	9.1%	131	3.6%	-	0.0%
10 to 19 units	824	3.7%	265	6.1%	234	6.4%	2	0.2%
20 or more units	1,875	8.5%	289	6.7%	326	9.0%	-	0.0%
Mobile home	337	1.5%	206	4.8%	302	8.3%	3	0.3%
Boat, RV, Van, etc	-	0.0%	-	0.0%	0	0.0%	4	0.4%

# YEAR STRUCTURES BUILT

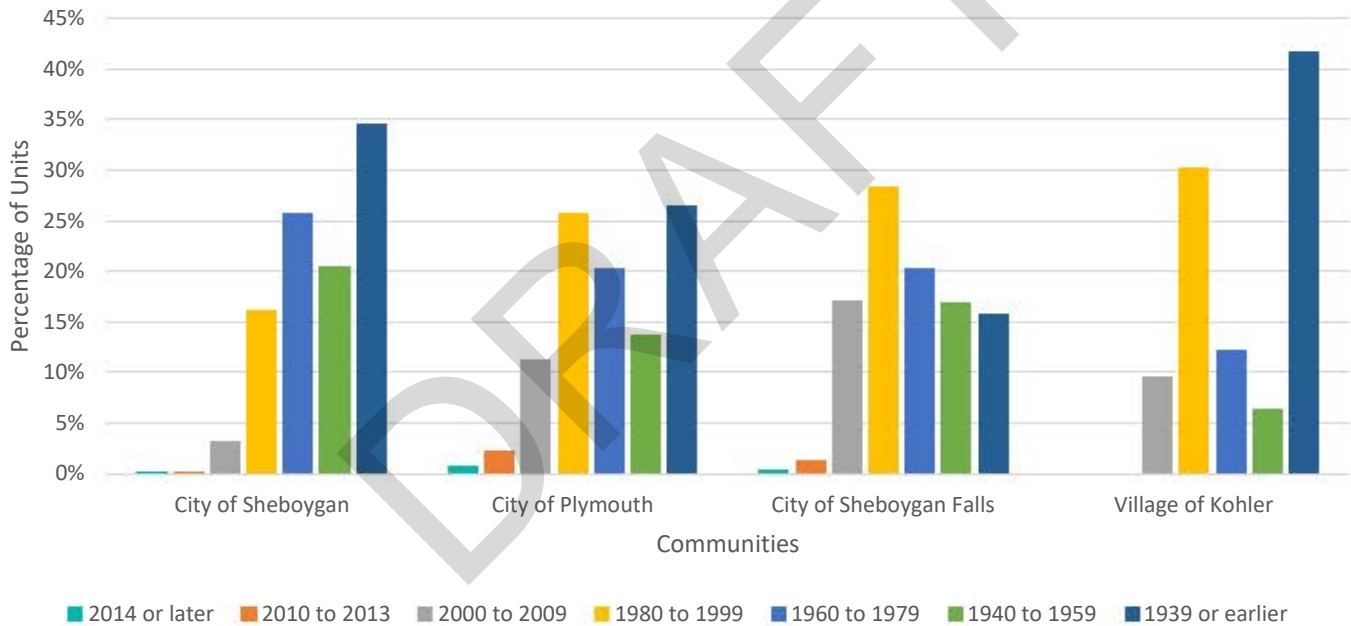
Year of construction as shown in the figure below indicates the age of homes as estimated by the US Census Bureau. Just over a third of units in Sheboygan (35%) were built before 1940, which is most similar to Kohler (42%) and the Village of Plymouth (26%). In Sheboygan Falls the most common date of construction is 1980 to 1999, indicating a relatively newer housing stock.

Since 2000, residential construction has slowed in Sheboygan, a finding that is consistent across surrounding communities and is indicative of generally older average housing stock age in established communities.

The age of a home or apartment building is not, by itself, an adequate measure of quality or condition but can be used as an indicator. Older homes tend to have poor energy performance, higher maintenance costs, and sometimes lack things homebuyers desire such as attached garages. If not maintained, these older homes may not be desirable to potential buyers. Even if maintained, some buyers may not be interested in/able to do the maintenance and upkeep required of an older home. Focus group interviews confirmed that housing is generally older in Sheboygan and in need of rehabilitation.

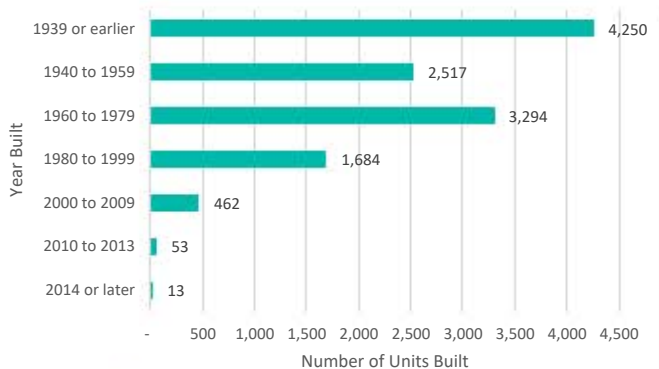
**Figure 26. Year Structure Built for Sheboygan and Surrounding Communities**

Source: 2018 ACS 5-Year Estimates



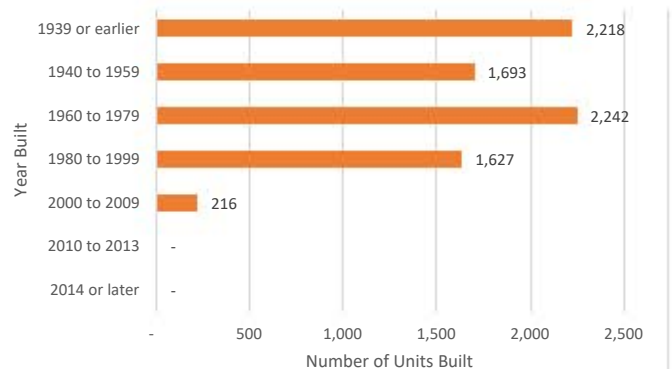
**Figure 27. Sheboygan Owner Occupied Year Structure Built**

Source: 2018 ACS 5-Year Estimates



**Figure 28. Sheboygan Renter Occupied Year Structure Built**

Source: 2018 ACS 5-Year Estimates

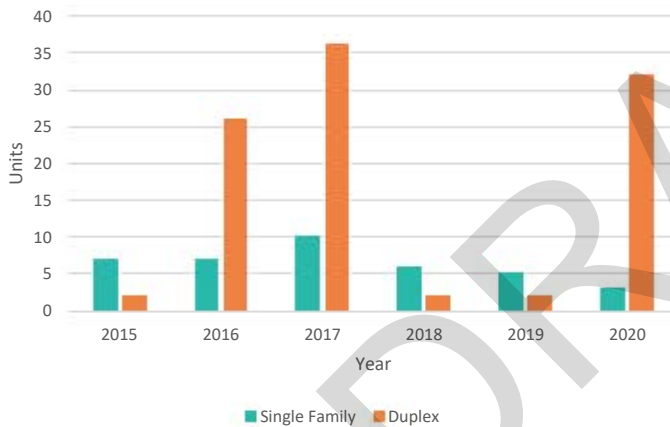


# BUILDING PERMITS

Building Permit data allows a real-time trend of new construction starts in Sheboygan. Since 2015 construction of new single-family homes has remained low—no more than 10 each year. This data is reflective of the lack of open greenfield space for new subdivisions within City limits. According to those knowledgeable about housing in the community, developers are currently choosing to develop in the Towns of Wilson and Sheboygan because they have land available and the Towns of Wilson and Sheboygan have access to City sewer.

New duplex unit creation jumped dramatically in 2016 with 26 new units and again in 2017 with 36 new units. This jump was due to a change in the City’s building code ordinance, which allowed some small multi-family complexes (6-

**Figure 29. Single Family and Duplex Building Permits, by Units**  
Source: City of Sheboygan



**Figure 30. Apartment and Condo Building Permits, by Units**  
Source: City of Sheboygan

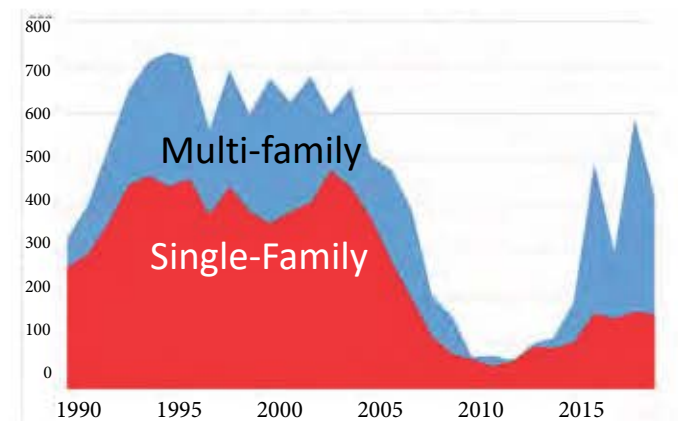


12 unit) to fall under the duplex category which doesn’t require the installation of sprinkler systems, commonly found in larger multi-family buildings. The creation of new apartment units has also varied from between 70 and 100 per year from 2015 to 2017, to none in 2018 and then 232 in 2019. Approximately half of the units built in 2019 were affordable, Section 42-funded units and the remainder were market rate. New condo unit construction has also been minimal over the last six years—10 units in 2018 and 21 units in 2019. All condo and apartment projects since 2015 have been infill projects.

As is true in most places, within the County multi-family and single-family construction all but came to a halt during the Great Recession, but has generally risen since. Construction of multi-family units has risen at a much quicker pace than single-family, and is recently above pre-recession levels. This can also be said about housing within the City.

With a shortage of vacant lands available, much of the new construction of single-unit homes within the City will likely be through the replacement of older homes that have been razed (demolished) or through redevelopment. This shortage of vacant land highlights the importance of infill development in the City as a means of providing new housing and often infill development tends to be attached units—whether apartments or condominiums. Attached units are an important part of a healthy housing market, to give people options that fit within their budgets considering the high cost of building single-family homes right now and the relatively low per capita and household incomes in the City compared to the region.

**Figure 31. Total Housing Units by Type for Sheboygan County**  
Source: Sheboygan County



# CROWDING

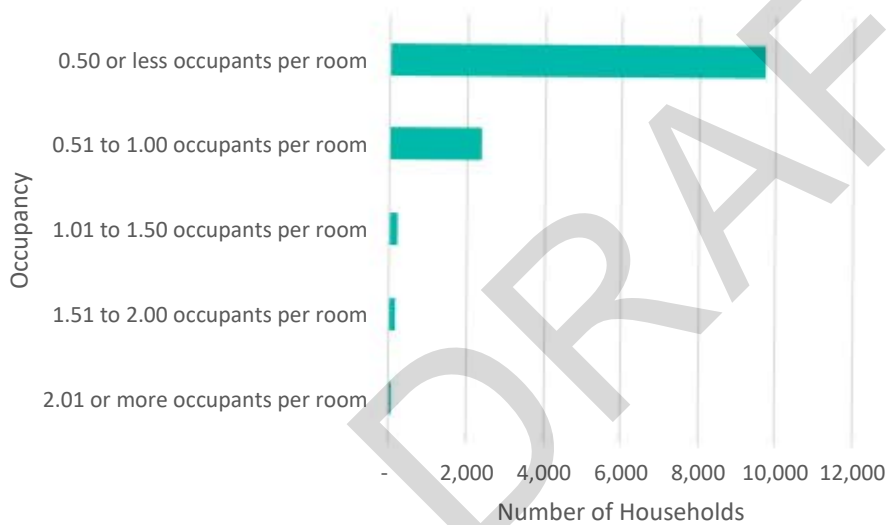
Crowding data is used to display the relationship between housing unit size (number of rooms) and household size (number of people). Households that average more than 1 person per room or 1.5 persons per room are considered to be “overcrowded” or “extremely overcrowded”, respectively.

As household sizes are anticipated to increase in the future, it will be important to ensure there are adequate units with 3+ bedrooms, especially rental units. Currently 25% of renter- and 73% of owner-occupied units contain three or more bedrooms.

Just over 63% of renter- and 78% of owner-occupied units have 0.5 or less occupants per room—they occupy homes that have excess space for their needs. This is consistent regionally within surrounding communities as well, and indicates that the City’s housing stock is in good position to accommodate growing family households.

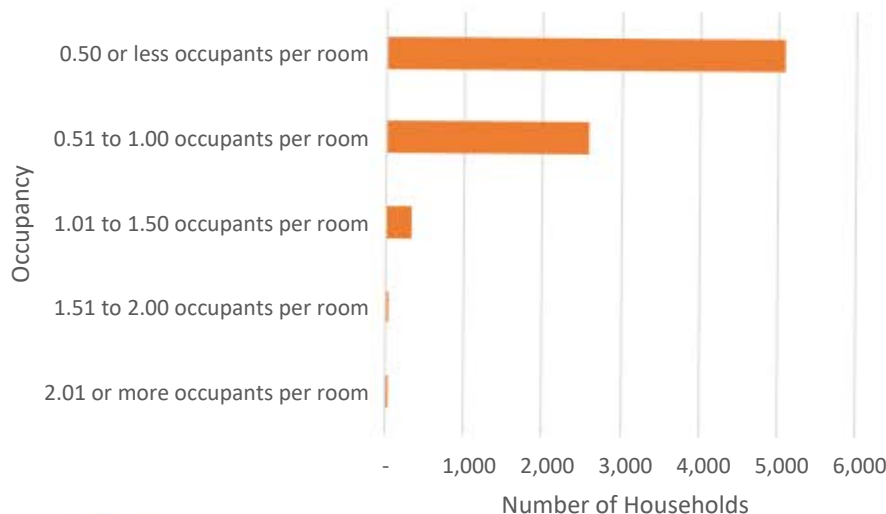
**Figure 32. Owner Occupied, Occupancy Per Room**

Source: 2018 ACS 5-Year Estimates



**Figure 33. Renter Occupied, Occupancy Per Room**

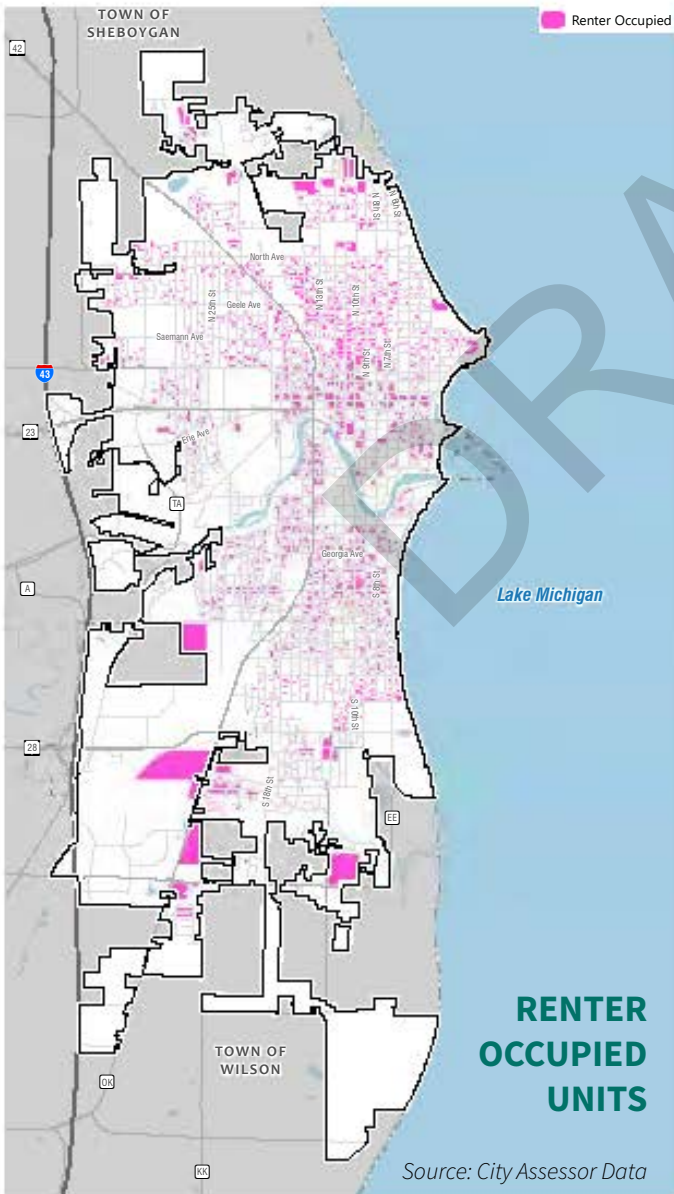
Source: 2018 ACS 5-Year Estimates



# RENTAL MARKET

## OVERVIEW

Within the City, 39% of the housing stock is rental units. Rental units include a variety of housing types, but are made up primarily of single-family homes, duplexes, and larger (10+ unit) multifamily residential buildings within the City. Rental units appear to be spread throughout the community, with higher concentrations surrounding the downtown area.



## KEY DATA

- Median rent in Sheboygan is low compared to surrounding communities at \$670/month.
- 33% of renter households in Sheboygan are cost burdened. The majority of cost burdened renter households are at or below 50% of the Area Median Income (AMI).
- Higher income households have been “renting down” in the market—occupying homes that are most affordable for those earning the lowest incomes.
- 48% of rental units are single-family homes or duplexes.
- The vacancy rate in Sheboygan is 3.3% for rental units—indicating a tight supply.
- There is demand for additional rental units with 3+ bedrooms.

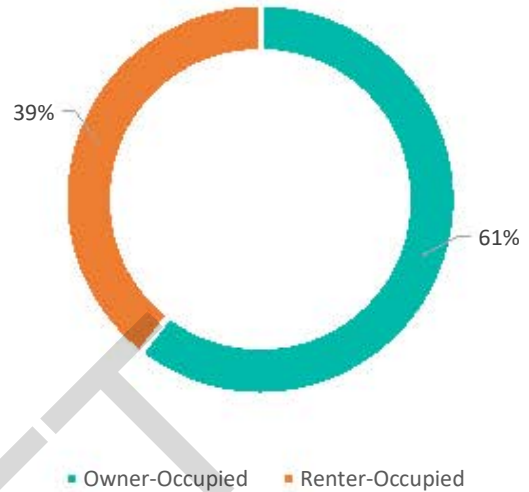
# AFFORDABILITY

Household income is key to discussions about housing affordability, as income determines purchasing power for households. Using HUD’s income limits, the figure below shows the general monthly rent a household could afford without becoming housing cost burdened (more than 30% of gross income paid toward rent). The rents vary based on household income and household size. For a household of four earning 100% of the median income, a monthly rent of \$1,834 is considered affordable (this includes utilities).

A cost burdened household is a household which pays more than 30% of its income to housing costs. Generally when a housing market is “tight”, or competitive, this drives costs up for consumers and also increases cost burden. This is true in Sheboygan, as overall rates of rental housing cost burden are high, similar to most surrounding communities. Currently 20% of renters in Sheboygan are cost burdened and 13% are severely cost burdened (paying more than 50% of their income towards rent). The Village of Kohler is the only surrounding community with a lower prevalence of cost burden (13% cost burdened and severely cost burdened). Similar to most other communities, cost burden is also greater for renters in Sheboygan than it is for homeowners, which is a reflection of lower renter incomes, barriers to securing financing (in addition to lower incomes) and other market forces.

**Figure 34. Housing Occupancy in Sheboygan**

Source: 2018 ACS 5-Year Estimates



**Figure 35. Affordability Thresholds for Renters in Sheboygan**

Source: HUD 2020 Income Limits

FY 2020 Income Limit Area	Maximum Monthly Cost for Family of 4 (100% Median Income)	FY 2020 Income Limit Category	Persons in Family					
			1	2	3	4	5	6
Sheboygan, WI MSA (includes Sheboygan County, WI)	\$1,834	Extremely Low Income 30% AMI	\$385	\$440	\$543	\$655	\$767	\$879
		Very Low Income 50% AMI	\$643	\$735	\$826	\$918	\$991	\$1,065
		Low Income 80% AMI	\$1,028	\$1,175	\$1,321	\$1,468	\$1,585	\$1,703

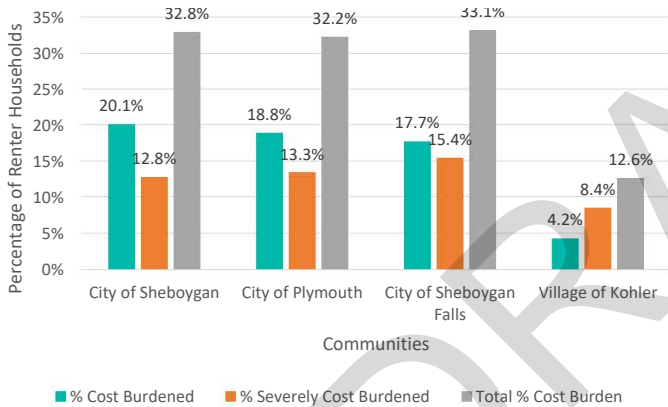
# HOUSING STRESS

Cost burden in the City exists primarily with households at or below 50% median income, those considered very low or extremely low income. This signifies that the supply of rental units in the City has gaps in unit availability at the appropriate price points to serve this income group, despite the City appearing to have a surplus of units considered affordable to those earning 50% or less AMI. This reflects the generally older rental units available in the community, though rents are still not low enough to make these units affordable to the lowest income households and these units may be rented out by households who can technically afford to pay higher rents.

There is a significant housing gap at the top of the rental market, again due to the prevalence of older, more affordable units. There is an estimated undersupply of 1,015 units for those at 51-80% AMI and 2,075 units for those above 80% AMI. This indicates an opportunity to add higher-rent, higher-quality rental units to the market. Though it is important to remember that households in higher income brackets often choose to spend beneath their financial means for housing, and may see this as a reason to stay in Sheboygan. While Figure 39 shows a large gap in generally more expensive units, this is an overestimate of demand. There is demand for more expensive units, just not that many.

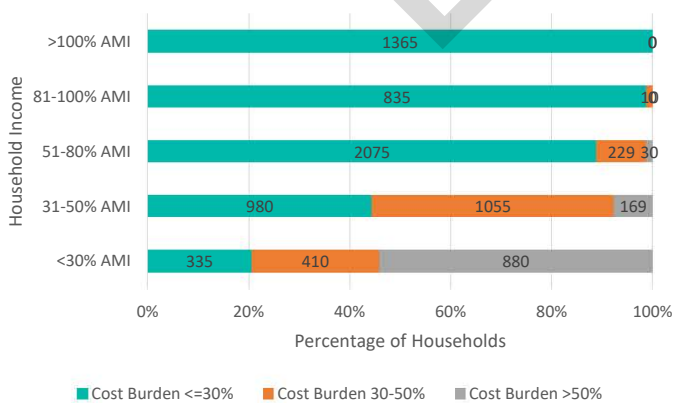
**Figure 36. Cost Burdened Renters in Sheboygan and Surrounding Communities**

Source: 2013-2017 CHAS



**Figure 37. Renter Cost Burden by Household Income in Sheboygan**

Source: 2013-2017 CHAS



**Figure 38. Households by Income & Tenure in Sheboygan**

Source: 2013-2017 CHAS



**Figure 39. Rental Unit Mismatch in Sheboygan**

Source: 2013-2017 CHAS

Income Level	Rental Units Available	Renter Households	Over-/ (Under-) Supply
0-30% AMI	1,800	1,705	95
31-50% AMI	5,210	2,200	3,010
51-80% AMI	1,320	2,335	(1,015)
>80% AMI	140	2,215	(2,075)

# RENTAL UNIT CONSUMPTION

The US Census and HUD assess, based solely on incomes and rent levels, how many households are over- and under-consuming housing. The previous figures in this chapter have suggested that higher-income households have been renting down in the market when securing housing, but what units are they actually occupying? The figure below shows that 13% of households above 80% median income are renting units affordable at 30% median income, 28% are renting units affordable at 50% median income.

Sheboygan also has the reverse happening, households at lower incomes are renting beyond what is considered affordable to them. For households earning less than 30% median income, 16% are renting units affordable at 50% median income, 10% are renting units affordable at 80% median income and 32% are renting units affordable at greater than 80% median income. When households rent units that are more expensive than what they can afford, cost burden increases.

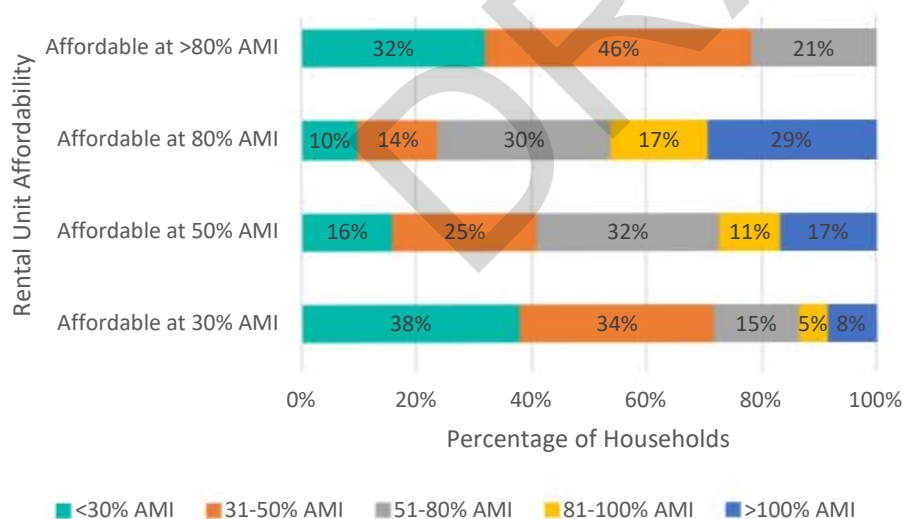
Adding more choices at appropriate price points will help guide consumers to desirable housing that can decrease cost burden among renters within the community.

The most common response among renters in the community survey in regards to important factors in deciding where they live was cost (84%). Just over 30% of these renters responded that in the past five years, they have had to forego other needs such as food, healthcare or childcare to continue to pay for housing. This further highlights affordability is an issue within the City and that there is a need for more rental units.

Forty-one percent (41%) of the renters who took the survey said if they were to move in the future they would look to rent housing, the remaining 59% would be most interested in ownership options (both conventional and condo). So in addition to focusing on providing more affordable rental units, there should be a focus on more affordable ownership units so those options are available too. The primary barriers to purchasing a home for renters who took the survey were lack of downpayment (58%), monthly payment would be too high (55%), and too much existing debt (42%). The City partners with Partners for Development, a local non-profit, to provide a downpayment assistance program that could be useful for those that lack funds for a downpayment.

**Figure 40. Rental Unit Consumption by Income in Sheboygan**

Source: 2013-2017 CHAS



*31% of renters who responded to the community survey have had to forego other needs such as food, healthcare or childcare to continue to pay rent*

# UNIT TYPES

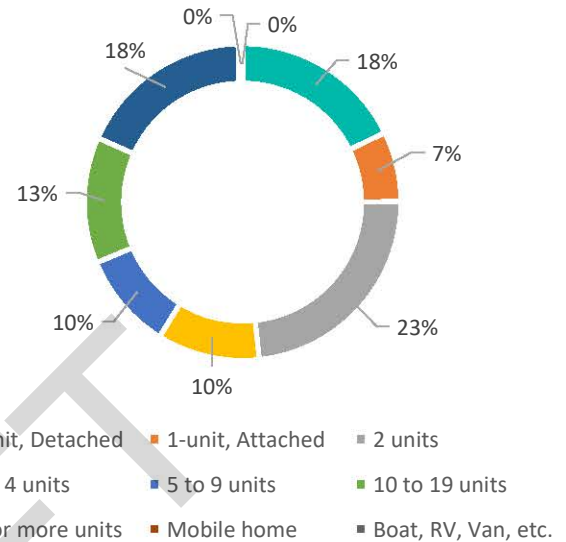
There are different types of rental units available to provide choices in the housing market to meet the needs of current and potential residents in Sheboygan. Forty-eight percent (48%) of rental units within the City are found in single-family homes and duplexes. A slightly smaller percentage of the City's apartment units are found in buildings with more than 10 units (31%). Single-family and duplex home rentals are becoming increasingly popular due to the difficulty many people have in providing a downpayment or securing loan funding to purchase a home. These units offer an opportunity for people interested but unable to purchase a home, but with a tight supply of these homes, rents continue to increase.

Figure 42 indicates the number of bedrooms available in Sheboygan's renter-occupied housing units. Sheboygan has the highest number of 2+ bedroom units (5,809 total) compared to surrounding communities and these types of units make up 73% of its rental stock. Surrounding communities have fewer total rental units though 2+ bedroom units make up a similar or larger percentage of the total rental stock. Plymouth is at 77%, Sheboygan Falls at 70%, and Village of Kohler at 95% of rental units with 2+ bedrooms. Something that came up repeatedly in focus groups is that there is a need for rental units for families with 3 or more bedrooms.

Sheboygan also has the highest number of efficiency and one-bedroom units (2,187 total, 27% of rental stock) compared to surrounding communities. The community with the next highest number of efficiency and one-bedroom units is Plymouth at 404 (23% of rental stock).

**Figure 41. Rental Units by Type in Sheboygan**

Source: 2018 5-Year ACS Estimates



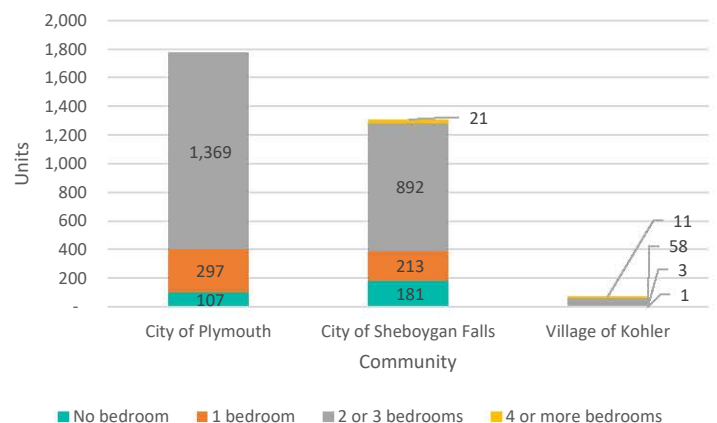
**Figure 42. Rental Units by Bedroom in Sheboygan**

Source: 2018 5-Year ACS Estimates



**Figure 43. Rental Units by Bedroom in Surrounding Communities**

Source: 2018 5-Year ACS Estimates



# COST

These smaller units are often the most affordable rentals available to the community.

For renters who took the community survey, 84% said that cost was an important factor when deciding to live at their current residence. Data shows that median rent in Sheboygan is lower than surrounding communities and Sheboygan County. Sheboygan's current median rent of \$670 would be considered affordable to a household earning \$26,800. For comparison, current median household income for renters in Sheboygan is \$31,589. Thus, for a hypothetical household earning median income could afford more than 50% of the rental units available in Sheboygan. Despite Sheboygan having relatively low housing costs compared to surrounding communities, there is a concern of quality of units due to age. This was something that came up in both interviews and the community survey.

Median rents by bedroom also indicate that Sheboygan is relatively less expensive than surrounding communities.

**Figure 44. Median Rent by Bedroom in Sheboygan**

Source: 2018 5-Year ACS Estimates



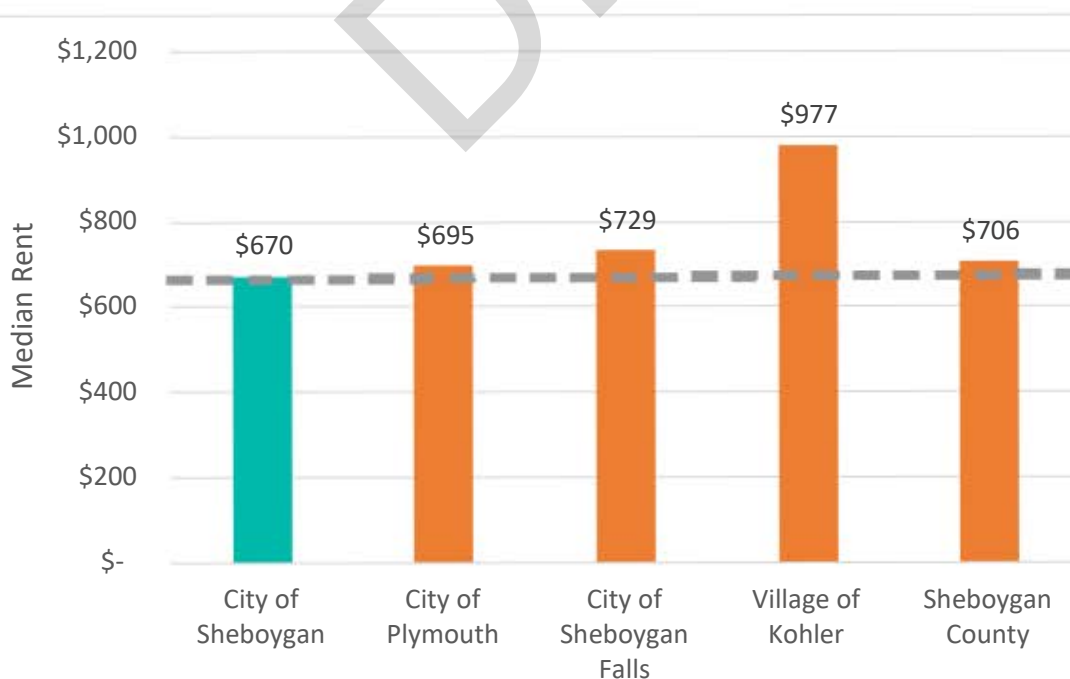
**Figure 45. Current Unit Rents in Sheboygan**

Source: 2018 5-Year ACS Estimates



**Figure 46. Median Rent in Sheboygan and Surrounding Communities**

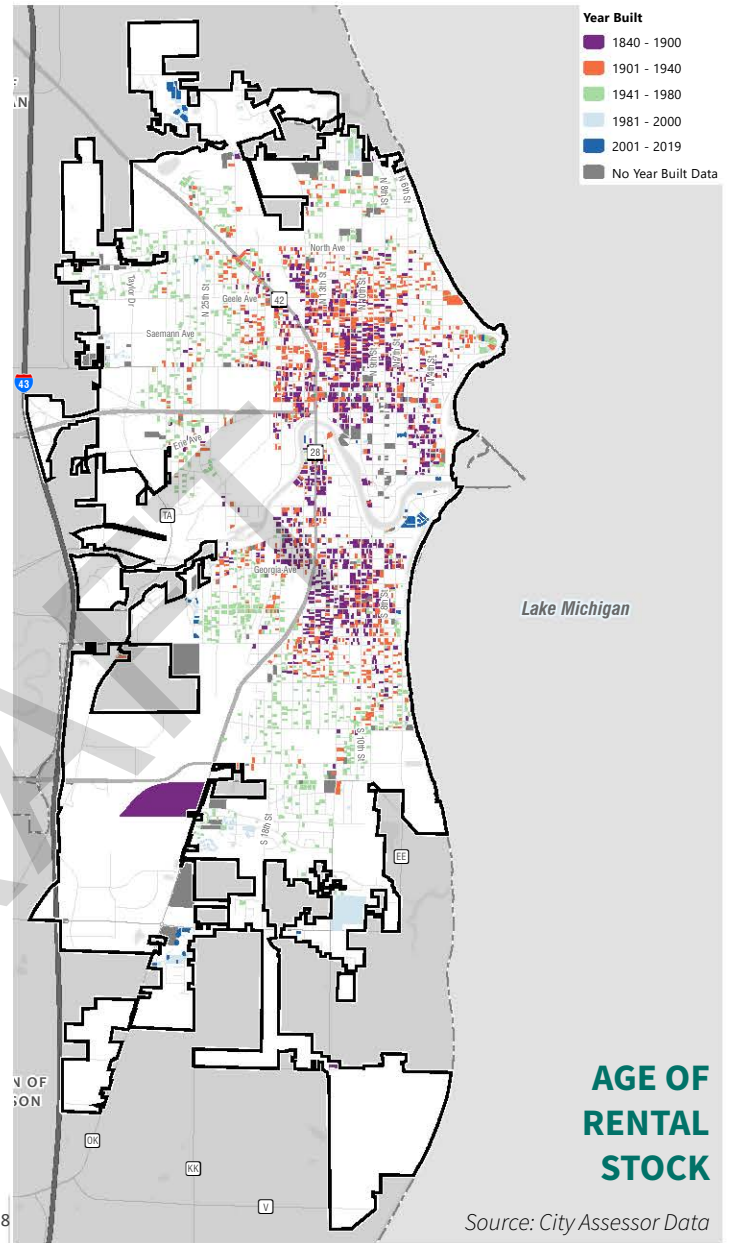
Source: 2018 5-Year ACS Estimates



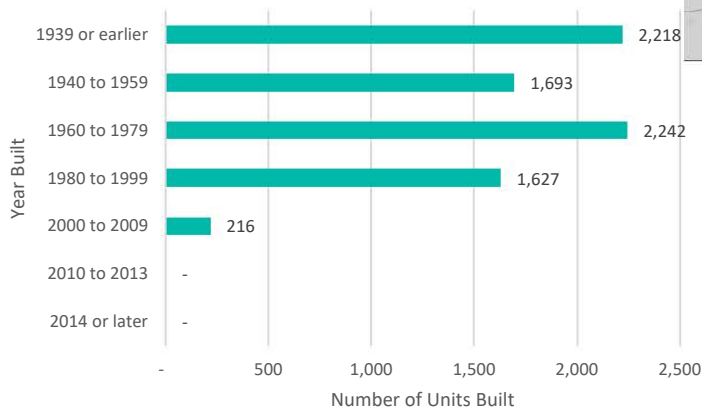
# AGE OF RENTAL STOCK

Sheboygan’s rental market consists of a variety of housing types with different time periods of construction. Approximately 77% of the City’s rental housing stock was built before 1980. Over 1,000 rental units are 120+ years old. Older units are typically more affordable to renters, while newer units offer opportunities to rent at a higher price point. Since 2015 there have been approximately 900 rental units constructed in the City, these are captured in the map to the right, but not the 5-Year ACS estimates below. See the following pages for location of multi-family units by age. The majority of the oldest units are located near downtown, while the newer units are located further out.

Older units in the City that are rental units have a risk of contaminants such as lead-based paint, however other health concerns come with age and compounded disrepair. Of respondents who took the survey, 50% of renters viewed their rental units as in either “excellent” or “good” condition. Thirty-nine percent (39%) of renters stated the condition of their units was “fair”—units are safe but there are recurrent, pending repairs needed and finishes are worn or dated. Anecdotal evidence from focus groups supported the idea that there is a concern about unit quality due to the general age of housing in the City. In particular, concerns about quality and livability of units for households who are low income and have few rental options available/landlords who are willing to rent to them.



**Figure 47. Year Built for Rental Units in Sheboygan\***  
Source: 2018 5-Year ACS Estimates



\*Based on City data there have been approximately 902 rental units constructed in the City between 2015 and 2020 which are not captured in these ACS estimates

# AGE & COST

Ranges of rental unit price show that most units in Sheboygan rent for between \$500 and \$999. Few units rent for \$1,500 or higher, a reflection of the aging housing stock. A Market Study completed in 2019 by JLL for an affordable housing development in the City looked at the average market rate rent by decade of construction. See table below. Many of the City’s rental units were built before 1980, with average market rate rents at \$799 or below. Based on this data there are approximately 400 more units available at the \$704-\$828 price point (built 1980-2000) than there are households at that affordability level. There are also approximately 1,252 more units available at the \$619-\$641 price point (built 1960-1970) than there are households for at that affordability level. Based on data from the study, there are approximately 327 more households for which

**Figure 48. Average Market Rate Rent by Decade of Construction**

Source: 2019 JLL Market Study and 2018 5-Year ACS Estimates

Decade of Construction	Total Units in City	Average Market Rate Rent	Gross Annual Income at Which Rent is Affordable	Renter Households at Income Level
2010’s	902*	\$1,210	\$48,400	1,229
2000’s	216	\$828	\$33,120	1,446
1990’s	829	\$704	\$28,160	
1980’s	798	\$799	\$31,960	
1970’s	1,398	\$641	\$25,640	990
1960’s	844	\$619	\$24,760	

\*County records indicate 902 multifamily units constructed in the City between 2015 and 2020

# VACANCY

the \$1,210 price point (built 2010's) is affordable than there are units available, indicating an opportunity to draw higher-income households into new housing.

Vacancy rates are an important measure of the balance between housing demand and supply in a community. A typical healthy vacancy rate for renters is around between 5% and 7%. This number is typically higher than the homeowner vacancy rate because rental units are more likely to sit vacant between renters. A rental vacancy rate around 5-7% is an appropriate balance between supply and demand, with enough available units to offer renters choice and the ability to move in somewhere right away. If the rental vacancy rate falls, it is harder for renters to find units and easier for landlords to raise rents.

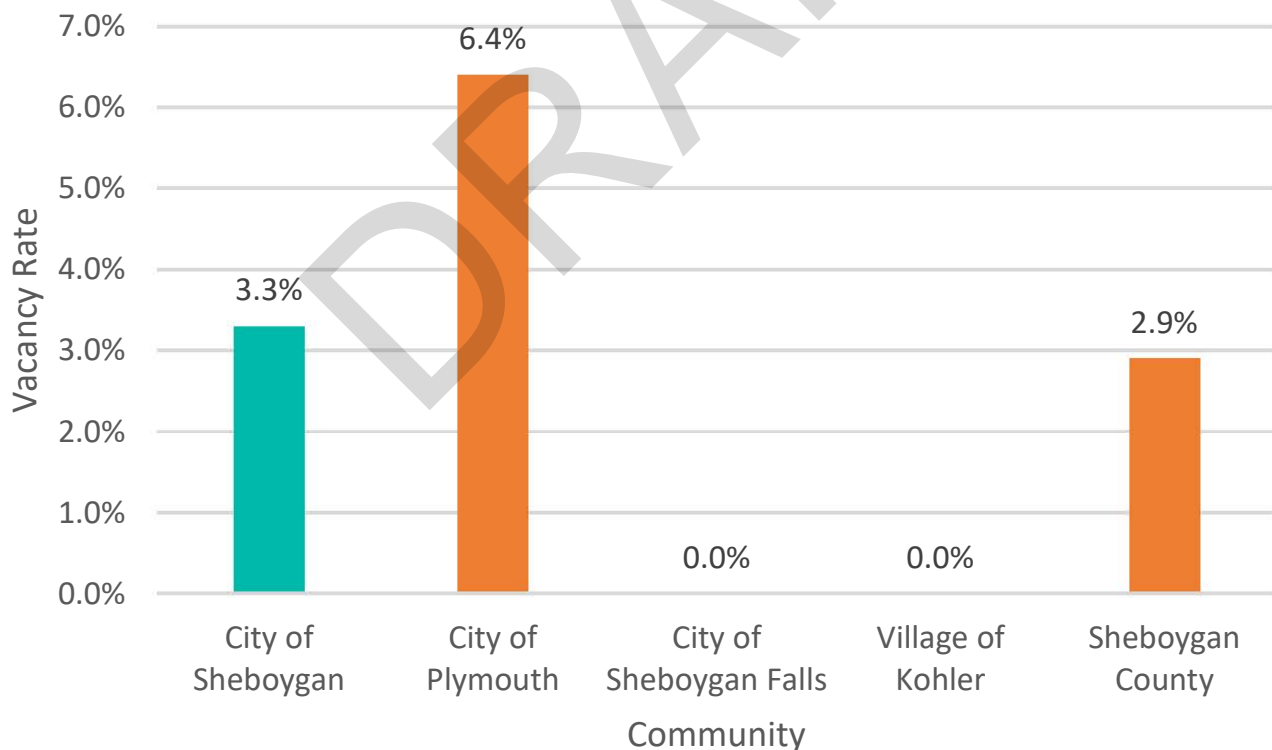
The 5-Year ACS estimates for vacancy rates contain a significant margin of error (greater than 45% for Sheboygan

and surrounding communities), so numbers should be reviewed cautiously. Sheboygan's rental vacancy rate is 3.3%, which is lower than desirable. This estimate might not be too far off; a number of interviewees noted that supply for rental units is tight for all types of units, but particularly those in the \$600-\$700 month range. Increasing supply and increasing the rental vacancy rate in Sheboygan would be healthy for the housing market—this would give more choices for potential residents who are looking to move to the City, and provide more options for current and future residents to self-select into housing that is appropriate in size and price point.

A market study completed for The Oscar in Sheboygan in 2019 indicated there is an occupancy rate of 98% for market rate housing and 99% for affordable housing in Sheboygan and surrounding communities, confirming that vacancy rates are likely low.

**Figure 49. Rental Vacancy Rates for Sheboygan and Surrounding Communities**

Source: 2018 5-Year ACS Estimates



Note: The 5-Year ACS estimates for vacancy rates contain a significant margin of error (greater than 45% for Sheboygan and surrounding communities), so numbers should be reviewed cautiously.

# MARKET TRENDS

Real-time data on the multi-family apartment market can be obtained from CoStar, a commercial real estate information company. This data is pulled from property advertisements online, primarily the apartments.com network. For the City of Sheboygan CoStar identified around 3,340 units available as of October 2020. This is only a sampling of rentals as the 2018 5-Year ACS Estimates show that they City has close to 8,000 rental units.

As of October 2020, the vacancy rate for the City of Sheboygan was 1.9%, much lower than 2018 5-Year ACS estimates and a full percentage lower than CoStar showed in October 2019. As shown in the table on the following page, this low vacancy rate is the highest it has been in the last 10 years.

Related to a low vacancy rate, market rent per unit is showing a ten year high at an average of \$859 per month, although annual rent growth is only at 1.3%.

Capitalization rate is another indicator to determine rate of return on a property—signaling how risky of an investment a property is. The calculation is the property's net operating income divided by the property's market value. As of October 2020 the market cap rate for the multi-family apartment market in the City was 7.39%, the lowest this measure has been in the last ten years. This indicates that these units are currently less profitable than they have been in recent years.

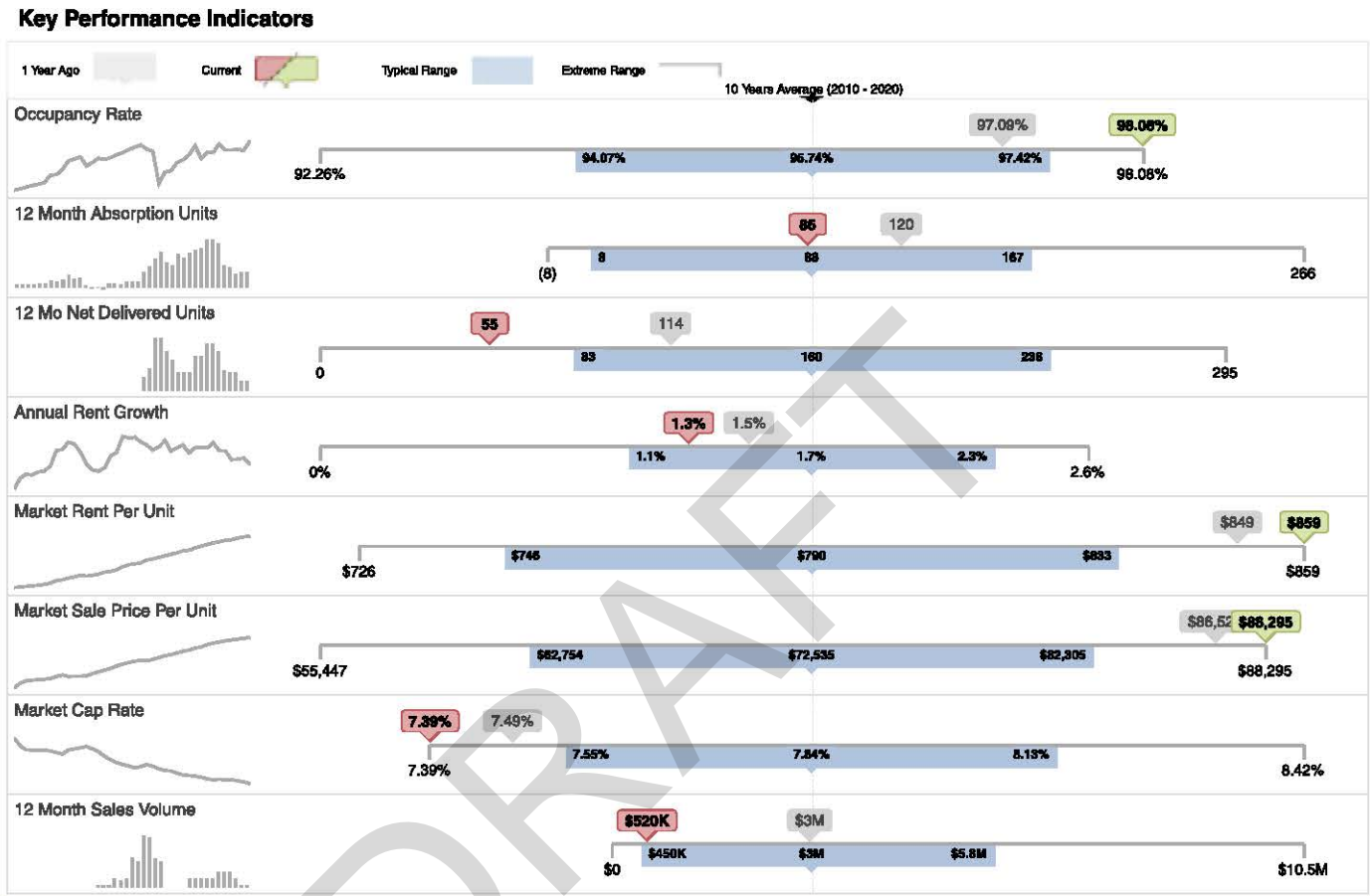
CoStar's analysts also make forecasts for the multi-family apartment market. One set of metrics it forecasts is vacancy rate and average rent per unit. The chart on the following page shows that rents are expected to decrease between 2020/2021 but then continue to rise from 2021 to 2024. There is a similar forecast for vacancy rate—a drop in 2020 and then increase through 2024.



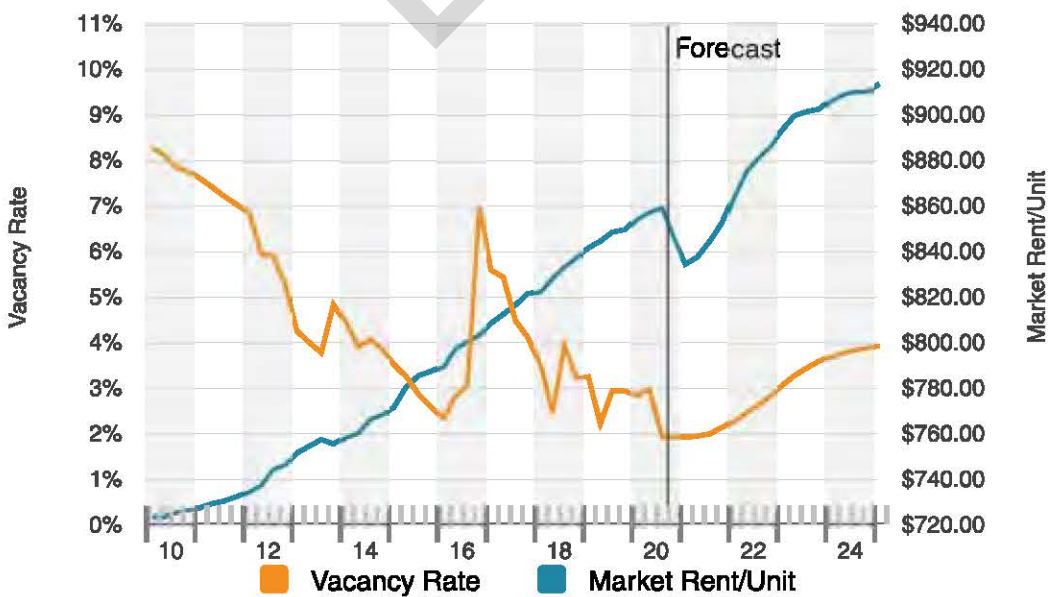
# MARKET TRENDS

Figure 50. Key Performance Indicators for Multi-Family Apartment Market in Sheboygan

Source: CoStar—accessed October 2020



## Vacancy & Market Asking Rent Per Unit



# SIZE

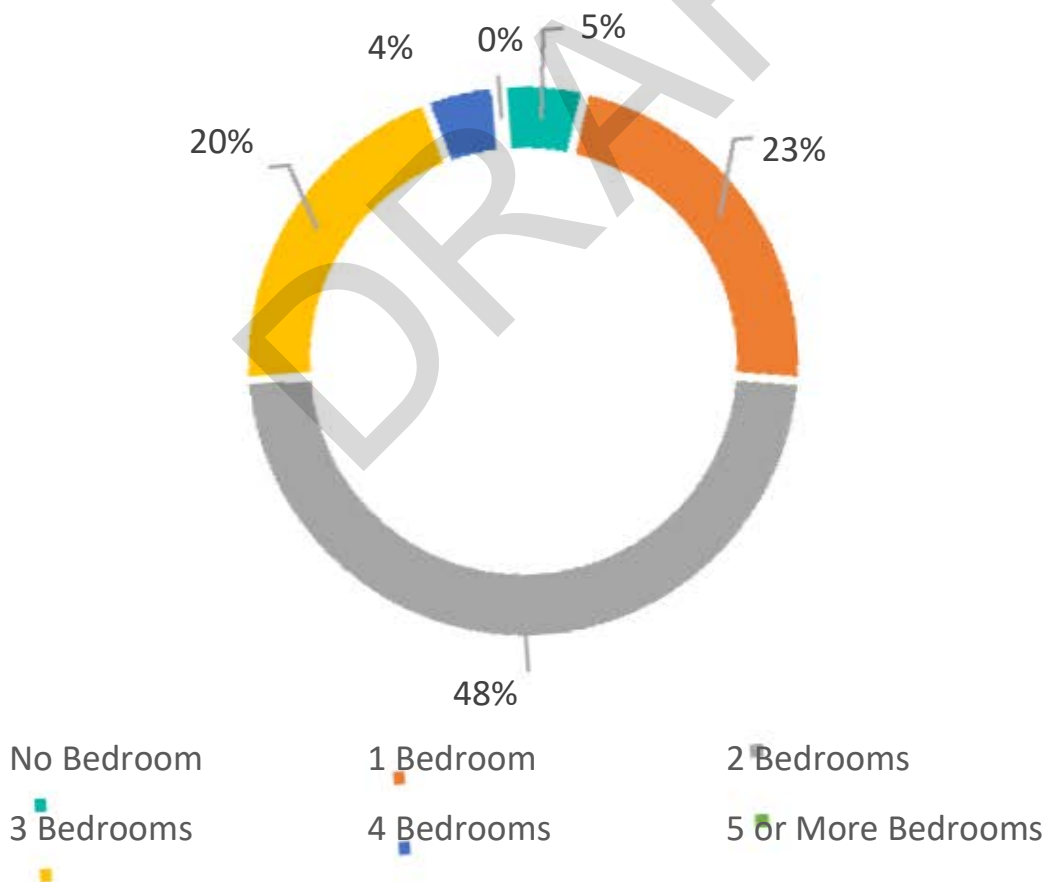
Household size is important to the housing market, as larger households require units with more bedrooms so as not to be overcrowded (more than one person per room). Smaller units, efficiencies and one-bedroom units serve to provide the most affordable option for households with one to two people. Currently, 5% of rental units in Sheboygan are considered crowded. While renter households generally have smaller household sizes, Sheboygan growth trends have shown increasing household sizes between 2010 (2.09) and 2014 (2.27) but then a decrease between 2015 (2.27) and 2018 (2.16). The continued need for larger apartment units is reinforced by

interviewees who noted there is a lack of units with three or more bedrooms in Sheboygan.

Within the City, 25% (1,993) of rental units contain three or more bedrooms. Although in the long-term, household size is projected to decline, the submarket for larger family apartments is still an important component to new development in the City as reinforced by interviews.

**Figure 51. Renter Occupied Units by Bedroom in Sheboygan**

Source: 2018 5-Year ACS Estimates



# DEVELOPMENT EXAMPLE

Over the past six years there have been 10 multifamily projects built in the City of Sheboygan, totaling 902 rental units. Three of these projects received federal support through a loan or tax credits to support the creation of affordable units. These developments represent an additional \$138 Million of value added to the City. Cost per unit ranged from \$58,000 to \$200,000 with a median of approximately \$130,000. The development example on the following page uses a median per unit cost of \$130,000 to determine what a breakeven rent payment for this unit would be.

Anecdotal evidence from an interview with one of the affordable housing developers from the projects below suggests that their affordable development currently has no vacancy for the units that have been constructed to date.

**Figure 52. New Multifamily Projects in the City of Sheboygan**

Source: SCEDC

Year	Project	Developer	Cost per Unit
2015	Meadowland Vilas	Northern Management	\$57,955
2016	Portscape Apartments	Horizon Resource Group	\$134,091
2016	Washington School*	Gorman	\$190,476.19
2016	Encore Apartments	Oakbrook Corporation	\$125,000
2018	Luxe -Sheboygan	Gottsacker	--
2018	High Pointe	LCM Funds	\$164,835
2019	7th & Penn. Ave.	Cardinal Capital	\$196,969.70
2018	Badger State Loft*	KCG Development LLC	\$271,186.44
2019	Kingsbury Village	Van Horn Development	\$183,333
2020	The Oscar *	Green Street Development	\$149,193.55

\*Section 42 or HUD Guarantee project

# DEVELOPMENT EXAMPLE

The following analysis shows estimated costs for a new one-bedroom apartment in Sheboygan. Costs include construction costs, taxes, operating expenses and reserves for maintenance and vacancies. A break even monthly rent for this unit would be \$1,300. The table at the bottom of the page shows that this unit would not be considered affordable for any low-income household that is not overcrowded.

If not subsidized to lower rents, new construction can offer expanded housing opportunities for those with higher levels of income, which can free up housing at lower price points.

**Figure 53. 1-Bedroom Rental (New Construction)**

Source: MSA Calculations

Typical 1-Bedroom Rental Construction & Land Cost = \$130,000			
Equity to Cost Ratio	20%	Loan to Cost Ratio	80%
Required Equity	\$26,000	Mortgage Loan	\$104,000
Annual Pre-tax Distribution Rate	10%	Mortgage Interest Rate	4%
Cash Payments for Equity	\$2,600	Debt Service	\$6,000
Net Operating Income	\$8,600		
Operating Expenses (2%)	\$2,600		
Real Estate Taxes (2019 Effective Tax Rate of .025718)	\$3,350		
Replacement Reserve	\$300		
Effective Gross Value	\$14,850		
Vacancy (5% required assumption)	\$740		
Gross Potential Income	\$15,590		
<b>Breakeven Annual Rent</b>	<b>\$15,590</b>		
<b>Breakeven Monthly Rent</b>	<b>\$1,300</b>		

**Figure 54. Affordability for 1-Bedroom Rental New Construction**

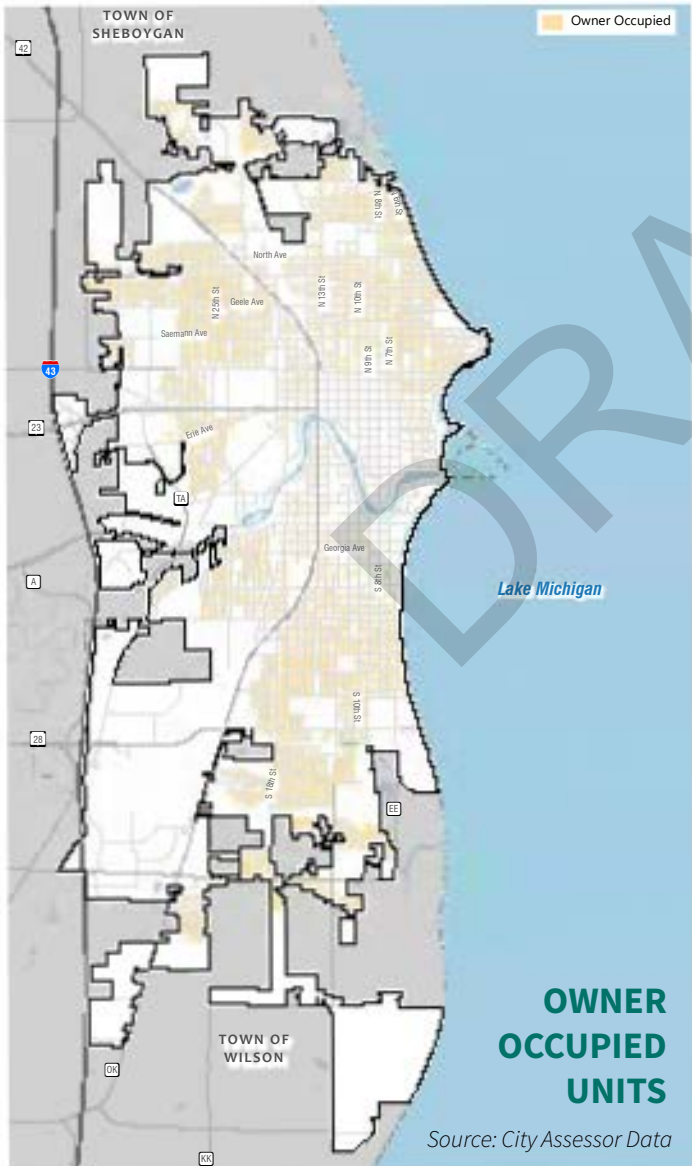
Source: HUD 2020 Income Limits

FY 2020 Income Limit Area	Maximum Monthly Cost for Family of 4 (100% Median Income)	FY 2020 Income Limit Category	Persons in Family					
			1	2	3	4	5	6
Sheboygan, WI MSA (includes Sheboygan County, WI)	\$1,834	Extremely Low Income 30% AMI	\$385	\$440	\$543	\$655	\$767	\$879
		Very Low Income 50% AMI	\$643	\$735	\$826	\$918	\$991	\$1,065
		Low Income 80%AMI	\$1,028	\$1,175	\$1,321	\$1,468	\$1,585	\$1,703

# OWNERSHIP MARKET

## OVERVIEW

Owner-occupied units comprise 61% of all units within Sheboygan. The most common type of ownership property is single-family homes (90% of all owner occupied units). Other less common owner-occupied unit types include duplexes, townhomes (often condominiums) and mobile homes.



## KEY DATA

● Median home value in Sheboygan is low compared to surrounding communities at \$109,700.

● 18% of owner households in Sheboygan are cost burdened. The majority of cost burdened owner households are at or below 50% of the Area Median Income (AMI).

● Higher income households have been “buying down” in the market—occupying homes that are most affordable for those earning the lowest incomes.

● The real estate market shows the supply of single-family detached homes is tight, and there is increasing demand for duplexes and condos.

● The City partners with Partners for Community Development, a local non-profit, to provide a local downpayment assistance program.

# AFFORDABILITY

Household income is key to discussions about housing affordability, as income determines purchasing power. Using HUD's income limits, the table below shows the general purchase price a household could afford without becoming housing cost burdened (more than 30% of gross income paid toward housing). These amounts vary based on household income and household size. For a household of four earning 100% median income, \$73,375, a purchase limit of \$281,000 is considered affordable. Assumptions under this scenario are for a 30-year fixed mortgage and assume a 5% downpayment, a 4.0% interest rate, home insurance, PMI (private mortgage insurance) and a 1.2% property tax.

While approximately two-thirds (62%) of homeowners earn more than 80% median income, 38% of home owners are considered low-, very low- or extremely low-income. Often these lower-income populations are aging homeowners who have entered retirement and have seen significant loss in income, which brings new challenges. Although these owners may own their homes free and clear, they often struggle with property tax payments, upkeep and other factors of homeownership that require continual maintenance funds and/or physical requirements.

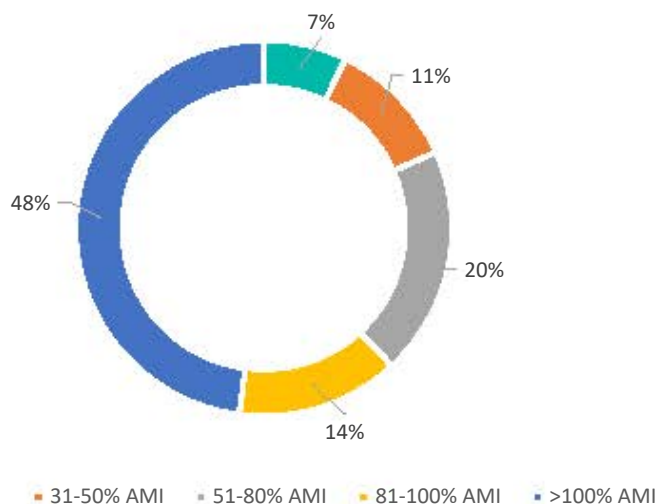
**Figure 55. Affordability Limits in the Ownership Market in the Sheboygan Area**

Source: HUD 2020 Income Limits

FY 2020 Income Limit Area	Maximum Home Purchase Price for Family of 4 (100% Median Income)	FY 2020 Income Limit Category	Persons in Family					
			1	2	3	4	5	6
Sheboygan, WI MSA (includes Sheboygan County, WI)	\$281,000	Extremely Low Income (30% AMI)	\$48,000	\$52,000	\$68,000	\$86,000	\$104,000	\$122,000
		Very Low Income (50% AMI)	\$84,000	\$99,000	\$114,000	\$129,000	\$140,000	\$157,000
		Low Income (80% AMI)	\$146,000	\$175,000	\$198,000	\$222,000	\$241,000	\$260,000
		Median Income (100% AMI)	\$192,000	\$222,000	\$252,000	\$281,000	\$305,000	\$329,000
		120% AMI	\$234,000	\$270,000	\$305,000	\$341,000	\$369,000	\$398,000

**Figure 56. Income Levels for Homeowners in Sheboygan**

Source: 2013-2017 CHAS



# HOUSING STRESS

Generally when a housing market is “tight”, or competitive, this drives costs up for consumers and makes it harder for households without downpayment savings. As compared to renter households, owner-households typically experience cost burden less frequently. This can be explained by a couple of factors—including homeowners earning higher incomes and 33% of homes being owned free and clear (no mortgage) in Sheboygan. Homeownership also has barriers to entry, so people may not qualify to buy by meeting underwriting standards. These standards serve to minimize risk by ensuring adequate income, increased access to credit, etc.

When compared to surrounding communities, Sheboygan experiences lower cost burden among homeowners (18%) than all communities with the exception of the City of Plymouth (also 18%). Of those experiencing cost burden in the City, 7% are severely cost burdened (greater than 50% of income toward housing costs).

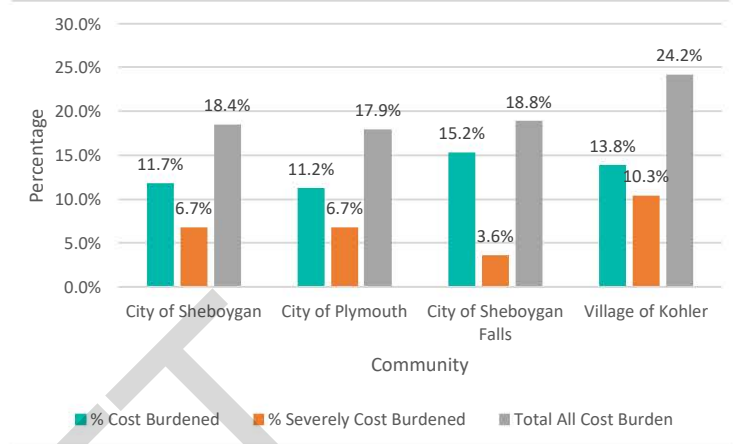
Cost burden in the City exists primarily with owner households at or below 50% median income, those considered very low or extremely low-income. Although cost burden is more prevalent for these lower-income households, there is an oversupply of 5,985 homes available at the 0-50% median income threshold, likely due to the age of the housing stock.

There is a significant shortage at the upper end of the owner market, an undersupply of 6,565 units for those at greater than 80% median income. This indicates an opportunity to provide more moderately- and higher-priced housing that is affordable and desirable to these income groups. Those homebuyers with higher incomes are therefore competing with lower-income households for homes that those with lower incomes could otherwise afford. When higher-income households compete with lower-income households, they have the financial flexibility to offer more money or better terms to sellers, forcing lower-income households to look elsewhere or to rent housing instead. The competition for units and lesser options at lower incomes can be a frustration for renter households who are hoping to buy into owner-occupied housing.

Of the renters who took the community survey, 22% said they were planning on purchasing a home somewhere in the next 2-3 years and 37% were unsure whether they would. Most respondents who said they would likely purchase a home had downpayments of no more than \$10,000, or using an example, 10% down on a \$100,000 home. This further emphasizes the importance of having affordable options ready for when renters decide to move into owner-occupied housing.

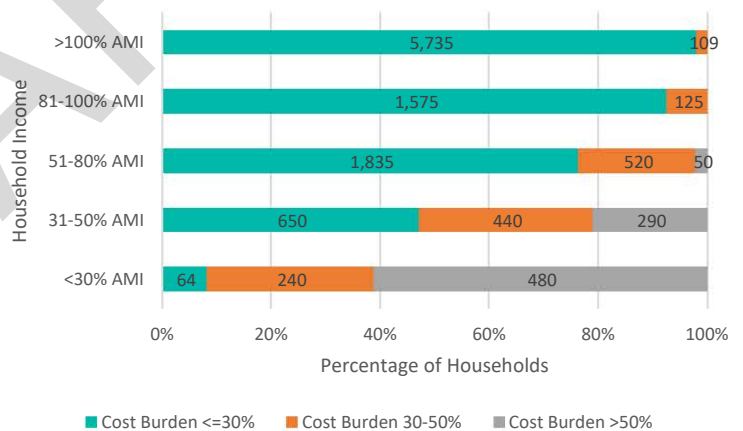
**Figure 57. Cost Burdened Homeowners in Sheboygan and Surrounding Communities**

Source: 2013-2017 CHAS



**Figure 58. Owner Cost Burden by Household Income in Sheboygan**

Source: 2013-2017 CHAS



**Figure 59. Ownership Unit Mismatch in Sheboygan**

Source: 2013-2017 CHAS

Income Level	Ownership Units Available	Owner Households	Over/(Under) Supply
0-50% AMI	8,225	2,240	5,985
51-80% AMI	3,055	2,410	645
81-100% AMI	690	1,705	(1,015)
>100% AMI	295	5,845	(5,550)

# HOMEOWNERSHIP UNIT CONSUMPTION

The US Census and HUD assess how many households are over- and under-consuming housing. The previous graphs and tables in this chapter have suggested that higher-income households have been purchasing down in the market or looking outside of Sheboygan when securing housing, but what units are they actually occupying? Figure 52 shows that 57% of units affordable at 50% median income are being purchased by households earning greater than 80% median income. These homes are affordable to higher-income households and provide desirable ownership options for high-income earners. However, it does provide increased competition that precludes lower-income earners from entering the ownership market.

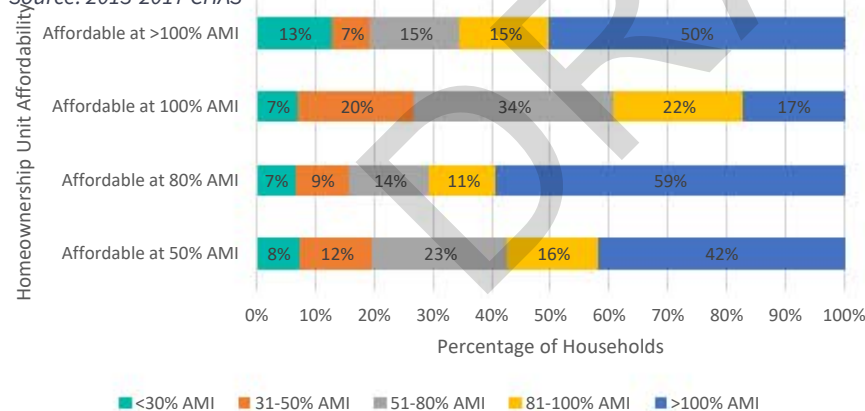
Sheboygan also has the reverse happening, households at lower incomes are owning beyond what is considered affordable to them. Twenty percent (20%) of units affordable at greater than 100% median income are being owned by households at or below 50% median income. However, the ownership market is primarily dominated by households earning over 100% median income. These households are generally under consuming in the housing market—the percentage of their income spent on housing

costs is relatively low. While this is beneficial to individual households, it strains the market and ultimately increases sale prices in all housing price ranges and removes more affordable housing options for lower-income households. Affordable owner and renter opportunities were confirmed as one of the top unmet housing needs in Sheboygan right now in the community survey and focus groups.

Overall, 33% of ownership units in Sheboygan are units without a mortgage (assumed to have been purchased 15 or more years ago). Of the 33%, 54% of these units are owned by households considered low-income. This reflects the prevalence of low-/fixed-income retirees among those who own a home without a mortgage. A number of these aging homeowners are staying in place, at least for the time being, which puts a strain on the available housing stock as new residential construction has lagged behind demand. This is confirmed by ACS estimates that show 54% of owners without a mortgage are 65 years and over. Twenty-four percent (24%) are those age 55 to 64, some of whom will choose to age in place and others will search for other housing options in the community (such as apartments or smaller homes) as they get older.

**Figure 60. Homeownership Unit Consumption by Household Income in Sheboygan**

Source: 2013-2017 CHAS



**Figure 61. Ownership Unit Household Occupancy by Mortgage Status**

Source: 2013-2017 CHAS

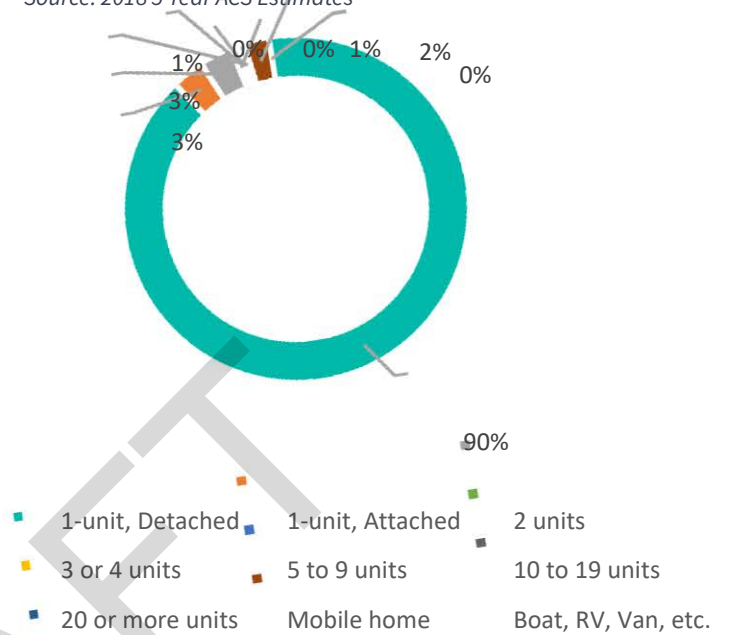
		Household Income				
Unit Affordability		0-30% AMI	31-50% AMI	51-80% AMI	81-100% AMI	>100% AMI
Units with a Mortgage	Affordable at 50% AMI	195	515	1,190	925	2,695
	Affordable at 51-80% AMI	140	115	230	210	1,415
	Affordable at 81-100% AMI	0	25	35	20	365
	Affordable at >100% AMI	0	0	0	10	35
Units without a Mortgage	Affordable at 50% AMI	425	490	685	355	710
	Affordable at 51-80% AMI	65	165	190	135	390
	Affordable at 81-100% AMI	15	15	35	25	160
	Affordable at >100% AMI	30	15	35	25	80

# UNIT TYPES

Ownership unit type distribution shows that the majority of owner households live in single-unit, detached homes (90%). The remainder of owner households are living primarily in town homes (often condo ownership), duplexes and mobile homes.

While the condo market is currently small in the City, the lack of condos offers an opportunity for more affordable housing ownership. Especially as the cost to build new homes increases and the desire for homeownership remains strong, alternatives to the single-family detached dwelling are an important part of the solution to affordable ownership. The desire for condos is something that multiple interviewees noted.

**Figure 62. Owner-Occupied Housing Units by type for Sheboygan**  
 Source: 2018 5-Year ACS Estimates



DRAFT

# HOUSING COST

An important aspect of the housing market study is the cost of supply. The figure below indicates the median value for owner-occupied units, as estimated by the ACS. While cost and value are not strictly synonymous, in the housing market they are typically aligned. This figure shows that compared to surrounding communities, housing in the City is relatively affordable at the low end of the regional market. This does not reflect the cost of new housing units in particular (built since 2018).

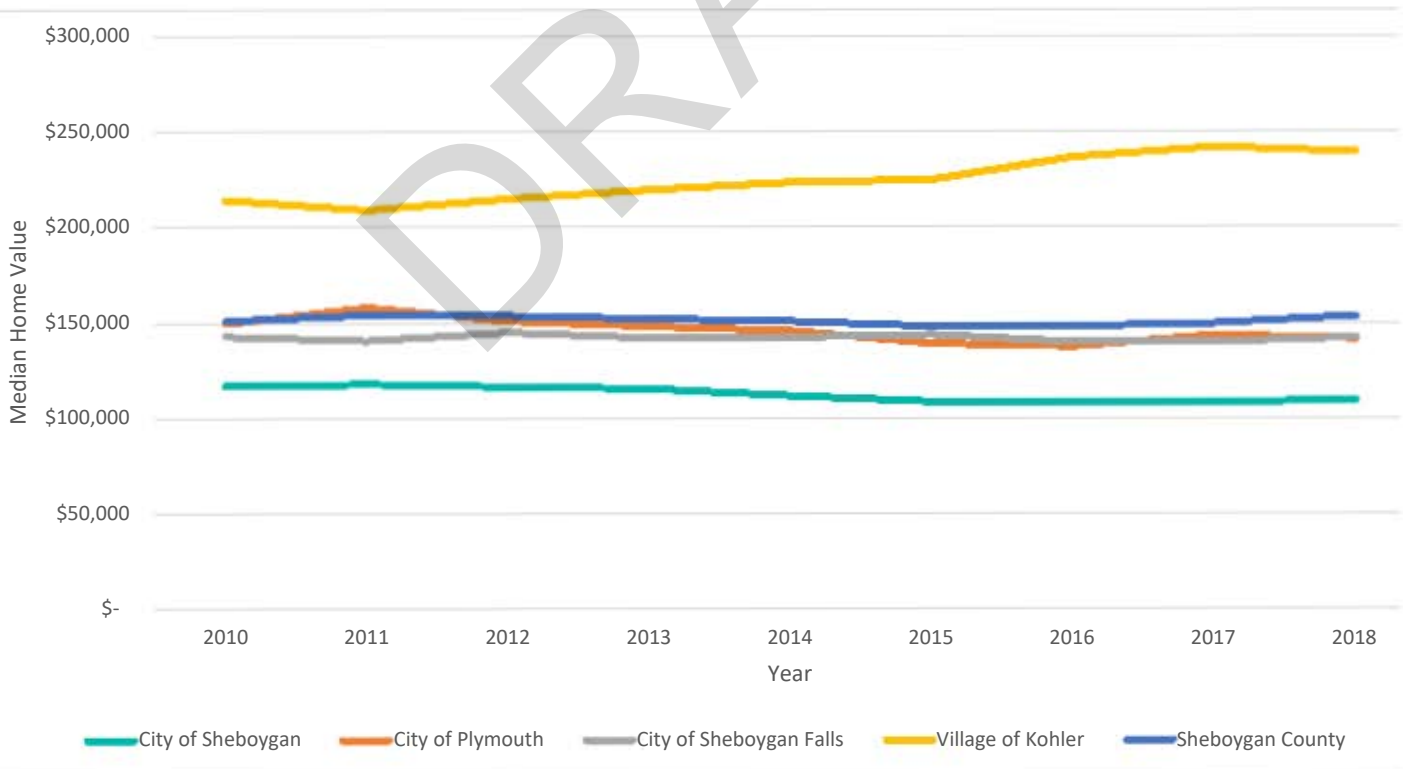
Sheboygan's housing values decreased by approximately 7% between 2010 and 2015 and finally increased 1% between 2015 and 2018. Despite the increase, median value is still not back to 2010 levels (\$109,700 in 2018 compared to \$117,000 in 2010). This can be explained by a lack of new construction and an aging housing stock. The increase in median values is explained by an increase in price simply due to demand outstripping supply.

Many of the interviews with housing experts echoed that one of the positive attributes of housing in Sheboygan is its affordability, due to the age of housing in the City. Although many feel housing is generally affordable, quality was brought up as an issue due to lack up maintenance and upkeep. When survey respondents were asked if they planned to move in the future, what type of structure would appeal most to them, 40% said they were interested in older, detached single-family housing, while 31% indicated they would look for new construction, detached single-family homes. The older housing stock will continue to be a draw to existing and future residents.

*Note: ACS estimates are based on a sample polling of homeowners, so these estimates do include error. Housing price data from the Multiple Listing Service (MLS) is based on actual sales data and will be presented as well.*

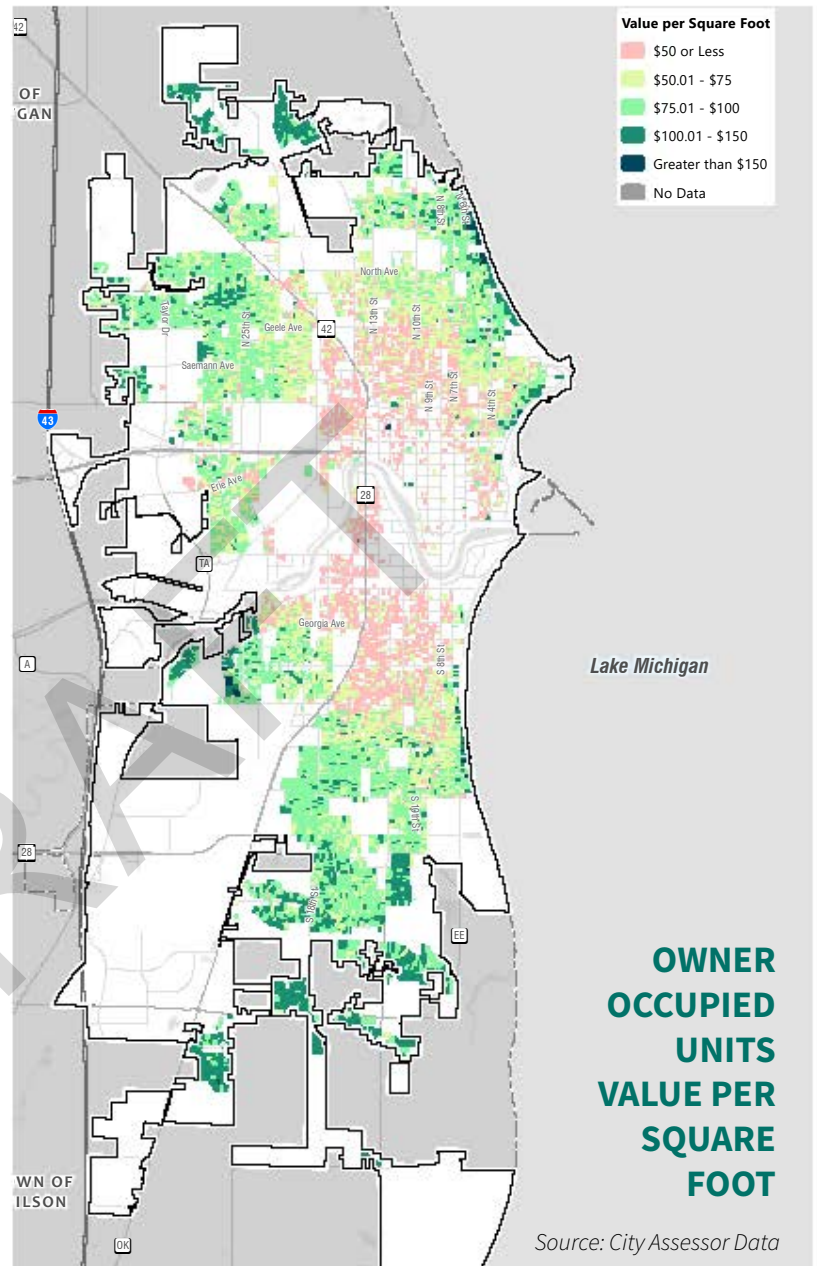
**Figure 63. Median Value of Owner Occupied Housing Units in Sheboygan and Surrounding Communities**

Source: 2018 5-Year ACS Estimates



# SPATIAL AFFORDABILITY

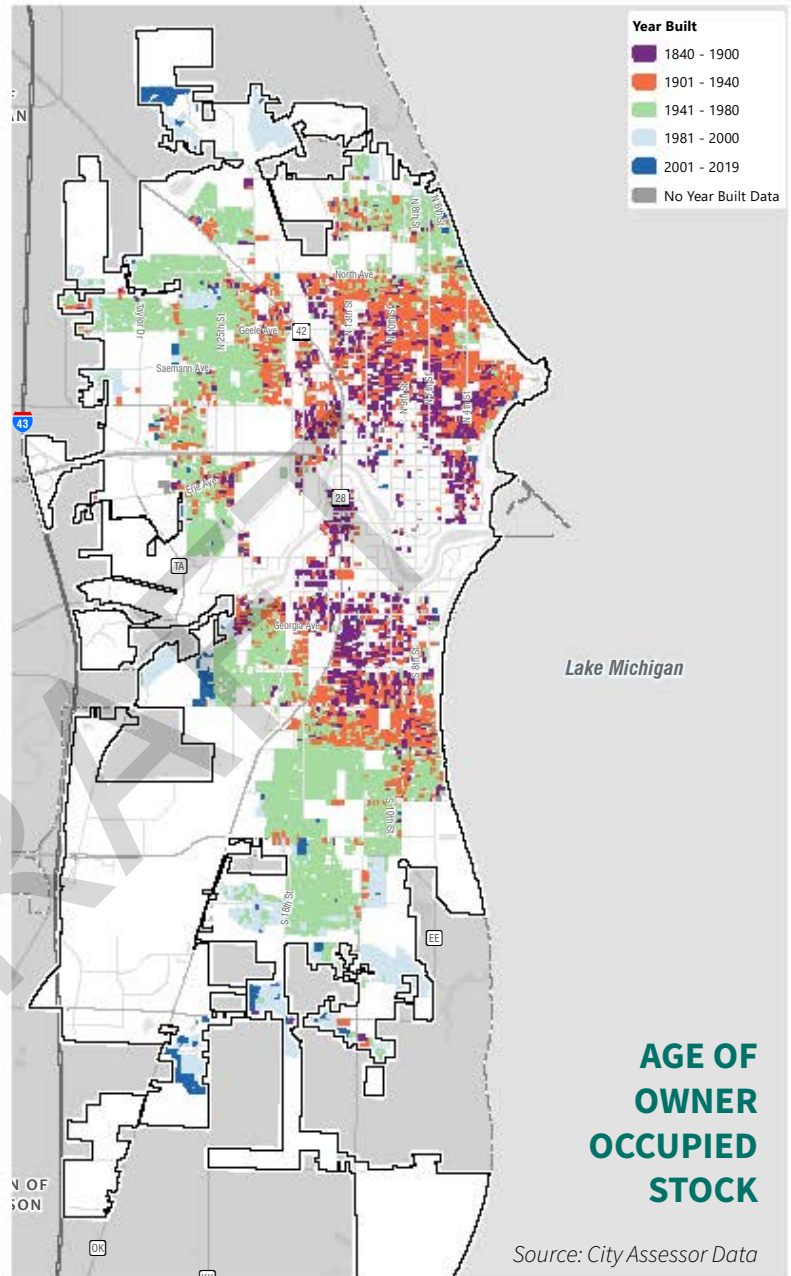
Home value per square foot, based on assessment data, is mapped on the right, showing the more affordable ownership options are located at the core of the City (which also coincides with the location of older units). The homes with the highest values per square foot are located at the edges of the City and correspond to newer development. Ensuring a range of owner options at different price points throughout the City will allow households at various income levels to look for housing in a wider variety of locations.



# AGE OF OWNER OCCUPIED HOUSING

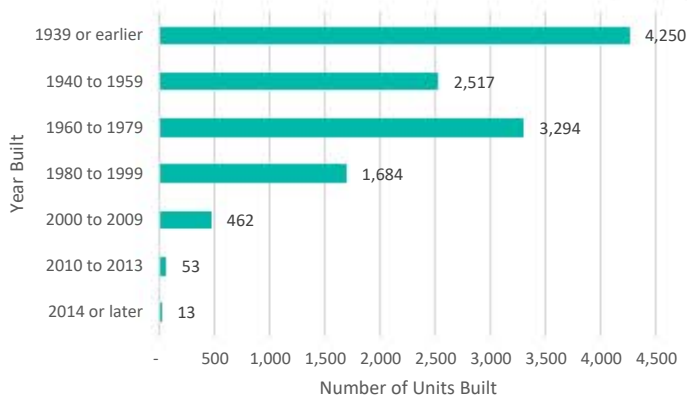
Approximately 96% of the City’s rental housing stock was built before 1980, and 35% was built 1939 or earlier. Older units are typically more affordable, while newer units offer opportunities at a higher price point. The majority of the oldest units are located near downtown, while the newer units are located further out.

Older units in the City are often more affordable up front, but require more costly repairs/upkeep after purchase. Of respondents who took the survey, 83% of owners viewed their homes as in either “excellent” or “good” condition. Sixteen percent (16%) of owners stated the condition of their units was “fair”—units are safe but there are recurrent, pending repairs needed and finishes are worn or dated. Anecdotal evidence from interviewees reinforced the finding that much of the City’s owner-occupied housing is older, and consequently more affordable. There were some concerns about the quality of these units and in particular for those households who need to make repairs but are unable to due to financial circumstances.



**Figure 64. Year Built for Owner Units in Sheboygan**

Source: 2018 5-Year ACS Estimates



# VACANCY

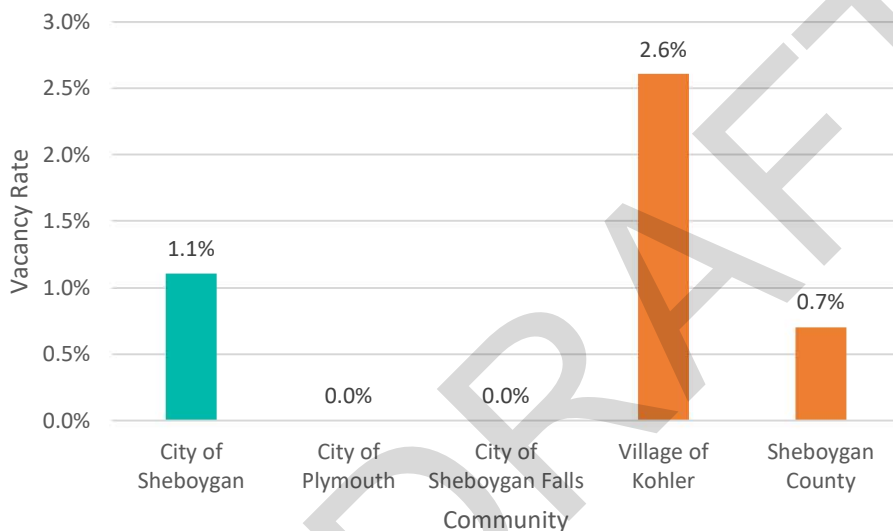
A typical healthy vacancy rate for renters is around 2%. This number is typically lower than the renter vacancy rate because homeowners tend to continue living in homes that are on the market, and vacancy between owners is typically brief. Extended home vacancy that shows up in the vacancy statistic is typically due to circumstances such as job relocation or foreclosure.

The 5-Year ACS estimates for vacancy rates contain a significant margin of error (greater than 45% for Sheboygan and surrounding communities), so numbers should be

reviewed cautiously. Sheboygan's homeowner vacancy rate is 1.1%, which is lower than desirable. This estimate might not be too far off; data from the MLS shown on the following two pages also shows supply is tight. Increasing supply and increasing the homeowner vacancy rate in Sheboygan would be healthy for the housing market—this would give more choices for potential residents who are looking to move to the City, and provide more options for current and future residents to self-select into housing that is appropriate in size and price point.

**Figure 65. Homeowner Vacancy Rates in Sheboygan and Surrounding Communities**

Source: 2018 5-Year ACS Estimates



# MARKET TRENDS

## Detached Single-Family Homes

When comparing housing values to sale prices of detached single-family homes on the Multiple Listing Service (MLS), these trends also show that the median sale price for homes in Sheboygan has increased 52% over the past six years. This is greater than the increase in Sheboygan County during the same time period (44%). Despite the increase in median sale price, the total number of sales for single family homes has decreased between 2015 and 2020 (a decrease of 9%).

The average days on the market for homes in Sheboygan between 2015 and 2020 decreased from 77 to 29,

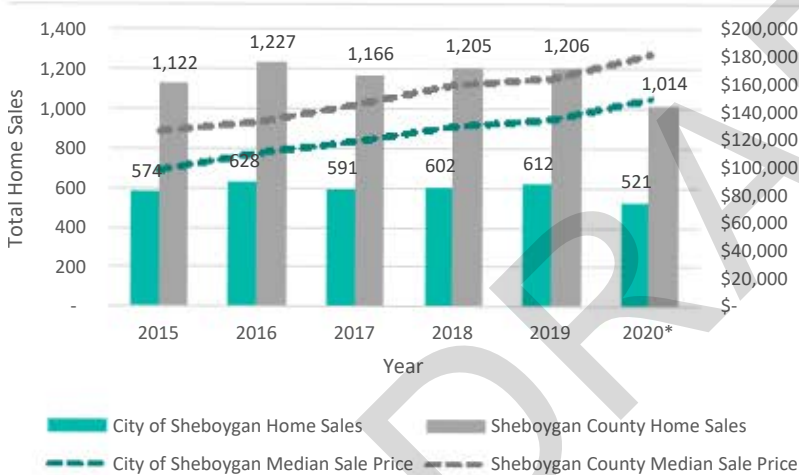
reinforcing the tight supply that is occurring. With a tight supply, homes are typically not on the market for long and multiple buyers often put in offers on the same home. This lack of supply serves to further increase the price of homes.

## Detached Single-Family County Trends

Within the County, the supply of single-family homes for sale has been tightening since 2011. In 2011 there were an average of 533 homes available daily on MLS. The average home had an accepted offer after 90 days. In 2018 there was an average of 67 home available daily (without an accepted offer). The average home had an accepted offer within 15 days.

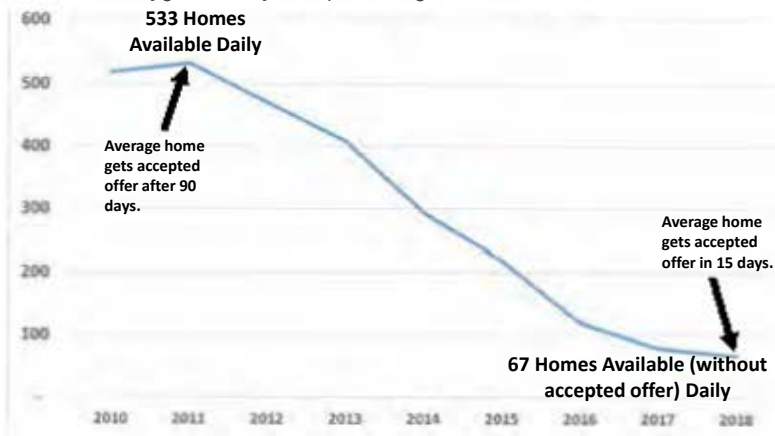
**Figure 66. Detached Single-Family Home Sales in Sheboygan and Sheboygan County**

Source: Multiple Listing Service



**Figure 67. Average Daily Available Homes Listed on MLS in Sheboygan County**

Source: Sheboygan County Multiple Listing Service



# MARKET TRENDS

## Duplex Homes

Duplex homes comprise about 18% of Sheboygan’s housing stock. Accordingly, they also make up a smaller number of home sales in the City, though the total sales has increased in recent years. Between 2015 and 2019 the number of duplex sales increased from 55 to 92 (an increase of 27%). During the same time period, median sale price increased by 75% (from \$50,000 to \$87,750). Sales data for 2020 is through November 2, so does not account for the full year though it seems will show fewer duplex sales than in 2019.

Other indicators of balance in the market for these types of unit include days on market which decreased from 98 in 2015 to 48 in 2020.

Although this is a relatively small percentage of the housing stock, real estate data indicate that there is increasing demand for these types of units. Nine percent (9%) of respondents to the community survey indicated they would be interested in living in a duplex if they were to move in the future.

## Condos

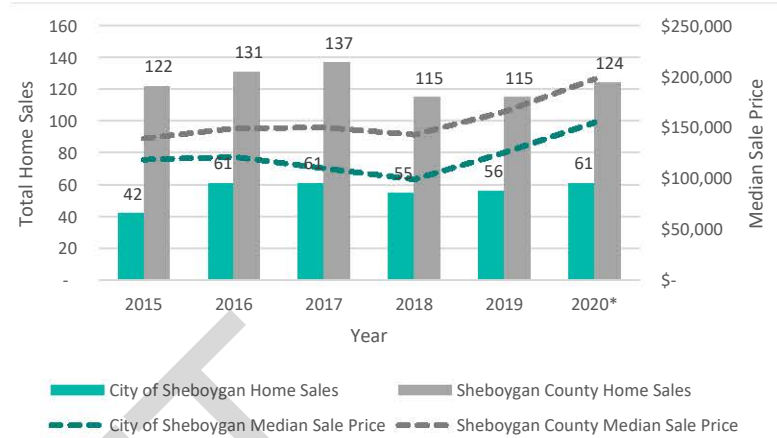
Condominium is a type of ownership. It’s similar to a traditional single-family home in that the owner owns the individual unit, however there is joint ownership with other condo owners for common grounds, hallways in multi-family buildings, etc. The physical type of structure where condominium ownership is found include single-family homes, duplexes, townhomes, and multi-family, multi-story buildings.

Between 2015 and 2020, condo sales in Sheboygan increased (42 in 2015 and 61 in 2020). Along with a 45% increase in sales, prices went up 31 % between 2015 and 2020. Average days on market decreased from 90 to 72 days (20% decrease) from 2015 to 2020. This was less severe than the decrease in Sheboygan County (133 to 82 days, a decrease of 38%).

These indicators in the condo home sales market indicate that there has been increased interest in condos in recent years. Responses to the community survey confirm this finding—12% of respondents said if they were to move in the future they would be interested in condo ownership.

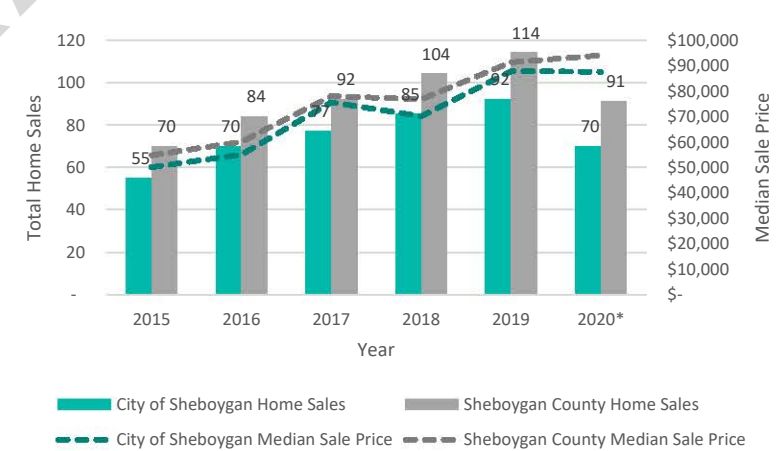
**Figure 68. Condo Home Sales in Sheboygan and Sheboygan County**

Source: Multiple Listing Service



**Figure 69. Duplex Home Sales in Sheboygan and Sheboygan County**

Source: Multiple Listing Service



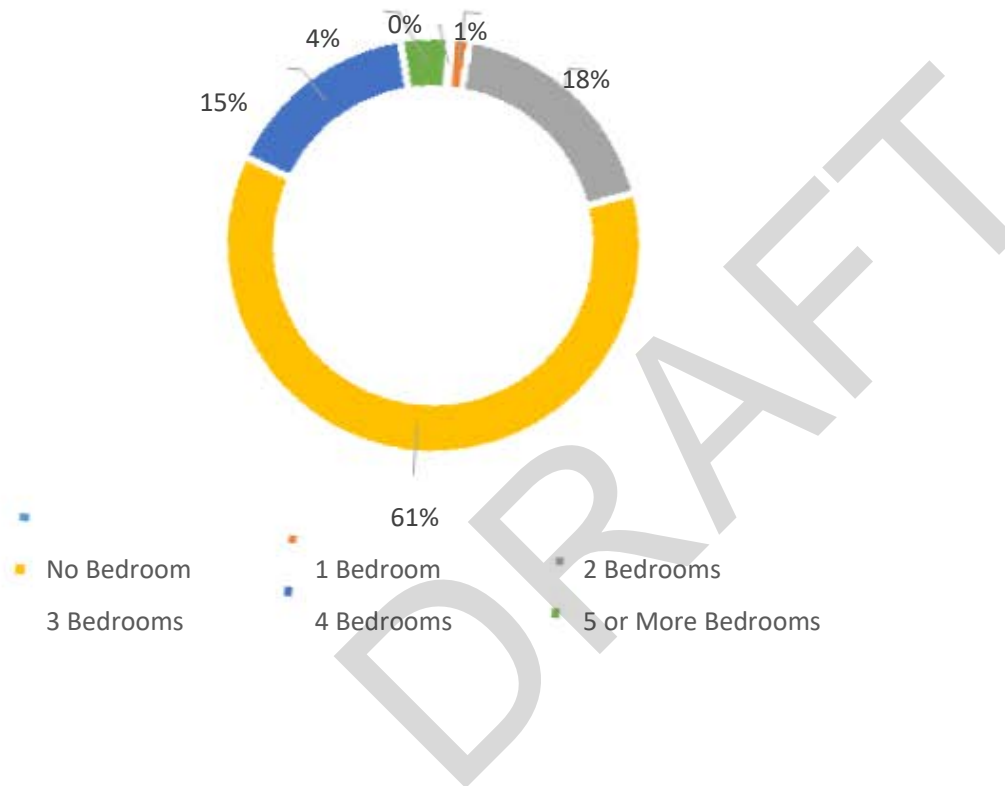
# OWNERSHIP UNIT SIZE

The most common bedroom size for owner-occupied units within the City is three bedrooms (61%), followed by two bedroom (18%) and four bedroom (15%) units. Ownership units are typically larger in size than rental units, which is a large part of their appeal to families. Of those homeowners who took the community survey, 35% said they have one or more children under the age of 18 living in their household

(4% less than renters), and 17% said they have children or dependent adults over age 18 living in their household. The market is currently serving the needs of families with children and without.

**Figure 70. Owner-Occupied Units by Bedrooms**

Source: 2018 5-Year ACS Estimates



# HOUSING FOR SPECIAL POPULATIONS

## OVERVIEW

This section further investigates the special populations of Sheboygan and surrounding communities—the homeless, ALICE (Asset Limited, Income Constrained, Employed) households, seniors, and the disabled populations. Ensuring adequate housing for all of these groups is important to the overall health of the housing market in Sheboygan. The unique housing needs of these populations are often overlooked, yet these needs grow in proportion to overall population growth.

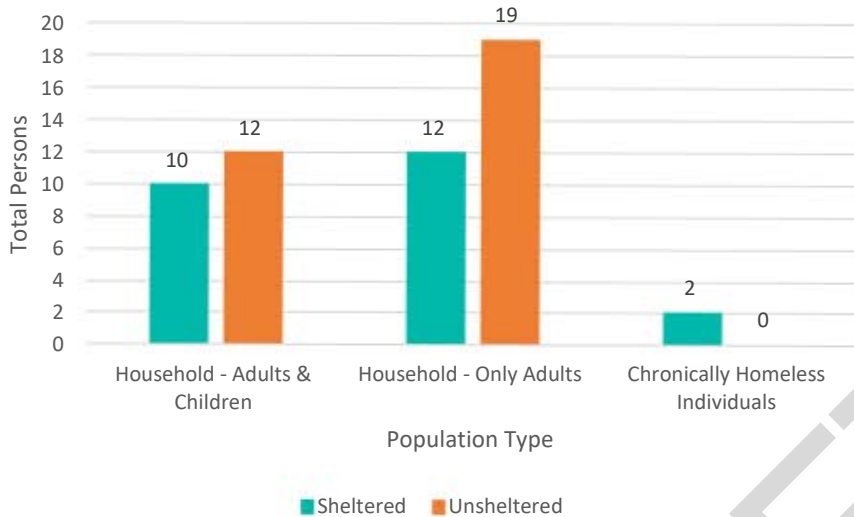
## KEY DATA

- Over 6,000 residents will age into the 85+ age cohort over the next 20 years and may look to sell their housing.
- There are about 500 homeless individuals in Sheboygan each year. There has been a recent increase in homeless seniors.
- 44% of households in Sheboygan are ALICE—they earn more than the Federal Poverty Level but less than the basic cost of living for the County.
- 1,855 households in Sheboygan are low income and have ambulatory or self-care difficulty.

# HOMELESSNESS

**Figure 71. Sheboygan Homeless Point in Time (PIT) Count**

Source: 2020-2024 Consolidated Plan (data from Institute for Community Alliances)



*A chronically homeless person costs the taxpayer an average of \$35,578 per year. Costs on average are reduced by 50% when homeless are placed in supportive housing. Supportive housing costs on average \$12,800 per year.*

**-National Alliance to End Homelessness**

The Point in Time (PIT) count is perhaps the best currently available estimate on homelessness. The PIT count includes sheltered and unsheltered homeless persons on a single night in January. This is likely an under count though as it does not include persons staying in hotels on a temporary or permanent basis or “doubling up” with other families temporarily.

The Consolidated Plan notes that the average number of persons experiencing homelessness in Sheboygan each year is around 500. The average number of days people experience homelessness ranges from 30 days for veterans and unaccompanied children to 200 days for chronically homeless individuals and families.

A group this data does not capture is those “at risk of homelessness”. Based on HUD’s definition, to be considered “at risk” you must have a household income below 30% AMI, lack sufficient support to move to emergency shelter, among other criteria. This group is low on the public housing wait list, so there is concern that this forces individuals to stay in unhealthy situations. Or for those looking for housing and may have felonies or evictions on their records, they are unable to find a landlord who will rent to them.

Anecdotal feedback from the interviews indicates that organizations working with the homeless have seen a dramatic increase in elderly widowers because they are

unable to manage bills or care for a home on their own. These seniors typically are able to be placed into public housing with the aid of a social worker. There is only one senior public housing complex in the City, with low turnover, so seniors are generally directed to other types of public housing.

Due to COVID the City’s homeless shelter has seen a decrease in people because of eviction moratoriums, utility bill payment freezes and an increase in FoodShare benefits. With these programs likely coming to an end at some point, the shelter is trying to reach out and help ensure people are paying rent and utilities now if they can so they can avoid a crisis if/when COVID assistance ends.

There are a variety of reasons a person may be homeless, many of which are not directly tied to housing availability, such as poverty, unemployment, physical or mental health issues, drug or alcohol abuse, domestic violence and abuse. However lack of affordable housing and lack of landlords willing to rent to those with less than perfect records can contribute to homelessness.

# ALICE HOUSEHOLDS

United Way provides a measure of affordability for people who aren't always captured as low-income, but are not financially secure. United Way calls this group "ALICE" - "Asset Limited, Income Constrained, Employed." These households are working but struggle to afford housing, child care, food, transportation and health care. United Way has calculated an ALICE threshold for each County in Wisconsin to identify households above the federal poverty level, but below the basic cost of living. The threshold takes into account the current basic necessities and geographic variation.

According to the report, the percentage of households below the ALICE threshold in Sheboygan County is 26% (above the state average of 23%). The number of ALICE households in Sheboygan County dropped from 2010 to 2012 (approximately 12,000 to 9,000), however the total has been increasing since and in 2018 was 11,848 households. Until recently the inverse occurred for those below the Federal Poverty Level (FPL); the number of households increased from about 3,500 to 5,500 between 2010 and 2012 and then decreased between 2012 and 2016 to about 2,500 households. In 2018 the households below the Federal Poverty Level in Sheboygan County increased (as did the number of ALICE households) to 3,204.

When comparing the percentage of all households considered ALICE or below the FPL in Sheboygan to surrounding communities, Sheboygan has the highest percentage. Forty-four percent (44%) of all households in the City of Sheboygan fall into this category compared to 17% in Kohler, 22% in Plymouth and 39% of all households in Sheboygan Falls.

United Way's ALICE report points out that households are struggling because household basics (rent/mortgage, childcare, food, transport, healthcare, technology, taxes, misc.) outpace wages. In 2018 the basic survival budget for a family of four was an annual total of \$71,244—well above the FPL of \$25,100 for a family of four. In the scenario for the family of four, housing costs and taxes make up 26% of the expenses needed - not an insignificant amount. This highlights the need for housing that is considered affordable - if households can spend less on housing they can spend more in other categories or do things like save for an emergency fund or future goals like higher education or retirement.

**Figure 72. ALICE and Poverty by Household in Sheboygan County**

Source: United Way 2018 ALICE One-Pager for Sheboygan County



**Figure 73. Household Survival Budget in Sheboygan County**

Source: United Way 2018 ALICE One-Pager for Sheboygan County

Household Survival Budget, Sheboygan County, 2018		
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
<b>Monthly Costs</b>		
Housing	\$468	\$733
Child Care	\$-	\$1,463
Food	\$271	\$821
Transportation	\$326	\$795
Health Care	\$214	\$699
Technology	55	\$75
Miscellaneous	\$157	\$540
Taxes	\$237	\$811
<b>Monthly Total</b>	<b>\$1,728</b>	<b>\$5,937</b>
<b>ANNUAL TOTAL</b>	<b>\$20,736</b>	<b>\$71,244</b>
<b>Hourly Wage*</b>	<b>\$10.37</b>	<b>\$35.62</b>

# AGING POPULATIONS

Elderly households are important players in the housing market, as many are current homeowners, and some will require different accommodations, specialized housing, or programming to assist aging-in-place. Senior housing generally refers to the combination of services and housing that allow them to continue to live comfortably. This ranges from continuing to live in their own home with virtually no services, to townhomes and apartments that offer the ability to “downsize” their residence, specialized housing units with limited services, and different types of assisted living facilities.

There are three popular types of senior-specific housing: 1) Nursing Homes—primarily for adults with serious medical needs. 2) Assisted Living facilities—offer residents the ability to live a free and independent lifestyle, but they also receive regular support for a range of daily activities, from cleaning to meal preparation to medication management. Residents are also offered a calendar of special events, activities, trips, and many opportunities for social engagement. 3) Independent living facilities—ideal for individuals who can still live independently but enjoy having access to assistance when needed/desired such as dining, medical care and entertainment.

Within Sheboygan there are six nursing homes offering 445 beds, 30 assisted living facilities offering 465 beds, eight independent living rental properties (six are federally subsidized, two are LIHTC properties), and one property offering senior condos. These units rent quickly and vacancies are rare. Based on a 2017 Comparable

Development Review completed by Baker Tilly, the overall vacancy rate at the six subsidized units was 0.9%. The vacancy rate for the two LIHTC buildings was 0.0%. Rents at the independent living complexes start at the following :

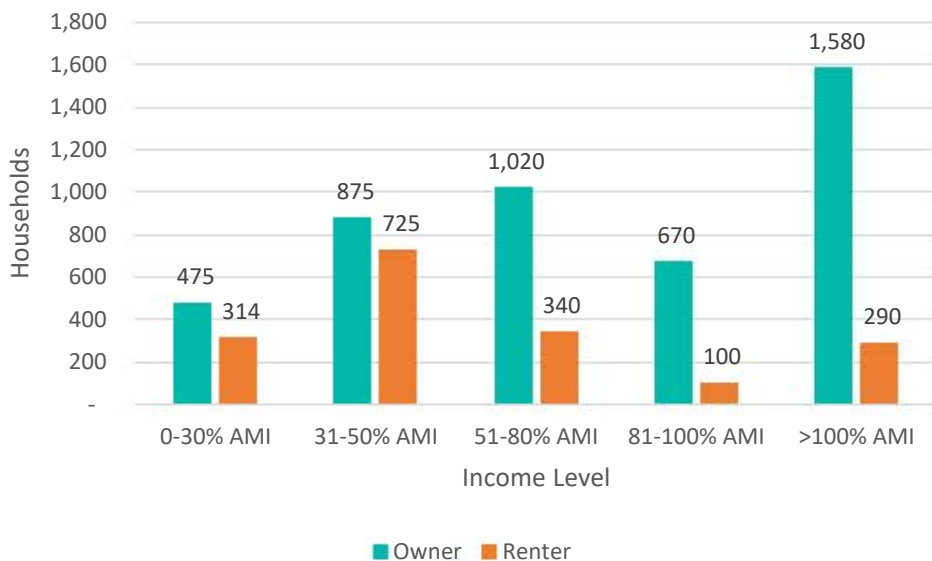
- One Bedroom: \$341+
- Two Bedroom: \$628+

As varying levels of services are included with different types of housing for aging populations, typical affordability standards do not apply. Often senior households will pay up to 50% of their income for market rate senior housing, up to 90% of their income for specialized and assisted living, often funded in part through sales of an owned home. Many households age 62+ in the City are still homeowners (72%). This is another factor that continues to constrain supply, particularly of supply that is an attractive size and price point for first time homebuyers.

Over the next 20 years, over 6,000 residents will age into the 85+ age category, and may look to sell their housing for other living options. This would add supply to the housing market and provide more options for first time homebuyers. However this isn't a guaranteed occurrence. As the housing tenure data on the next page shows, home ownership peaks around age 65 and many desire to stay in their current home as long as possible. In addition to alternative housing options for seniors, this suggests a need for services to enable seniors to live independently in their existing homes along with maintaining and adapting existing housing.

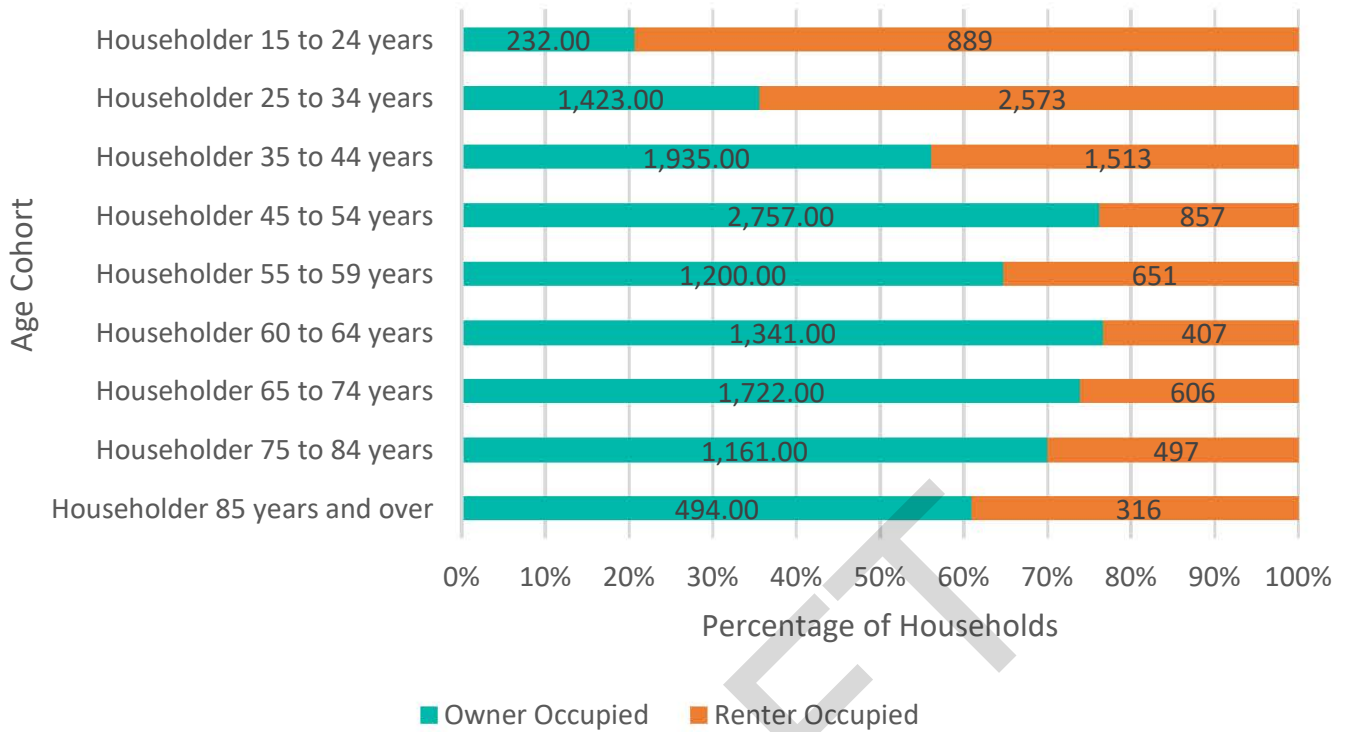
**Figure 74. 62+ Household Income and Tenure in Sheboygan**

Source: HUD CHAS 2012-2016 62+ Household Income and Tenure



**Figure 75. Housing Tenure by Age in Sheboygan**

Source: 2018 5-Year ACS Estimates



*77% of respondents to the 2018 AARP Home and Community Preferences Survey (age 50+) state they would like to remain in their community for as long as possible.*

**76% would like to remain in their current residence for as long as possible.**

# DISABLED POPULATIONS

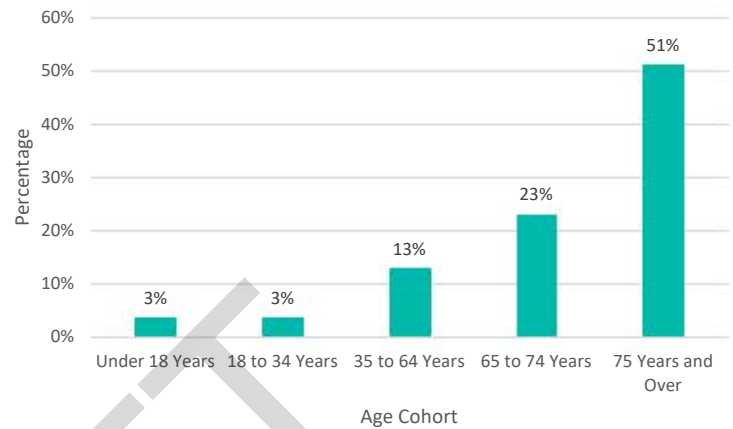
Persons with a disability do not inherently require access to specific housing types or accommodations. It is dependent on the type and severity of the disability. In this section we look at the disability types that are most likely to require specialized forms of housing: ambulatory disability, self-care difficulty, and independent living difficulty. More commonly persons with a disability receive services and specialized housing accommodations as they age. This is due to the percentage of population by age, that experience a disability being disproportionately higher in aging and senior housing holds.

Wisconsin DOA projections show that there will be a 68% increase in those age 65+ by 2040 in Sheboygan County. It is likely the City will see a similar increase. A 2007 study by Smith et. al. published in the Journal of the American Planning Association projects that due to the aging population, 21% of all households will have at least one disabled resident in 2050. They also estimate there is a 60% likelihood that a newly built single-family detached unit will house at least one disabled resident during its expected lifetime. Because many seniors desire to live independently for as long as possible, this suggests a growing need for housing that is accessible.

When housing units are constructed specifically for persons with disabilities, they are not traditionally built using methods that easily accommodate aging populations and often require renovation such as wider doorways, lower counter tops, zero entry shower/baths. However, many municipalities have requirements that mandate a percent of new construction be built using universal design standards. These standards often not only provide access to persons with and without disability, but are cheaper to construct on a per unit basis.

**Figure 76. Percentage of Population with Ambulatory, Self-Care or Independent Living Difficulty in Sheboygan**

Source: 2018 ACS 5- Year Estimates



**Figure 77. Age Projections for Sheboygan County**

Source: Wisconsin Department of Administration

	2018	Projected 2040	Projected Percent Increase
0-9	13,423	13,820	3%
10-19	15,228	15,170	0%
20-34	20,179	19,380	-4%
35-54	29,922	29,370	-2%
55-64	16,894	14,620	-13%
65-84	16,700	26,580	59%
85+	2,859	6,220	118%

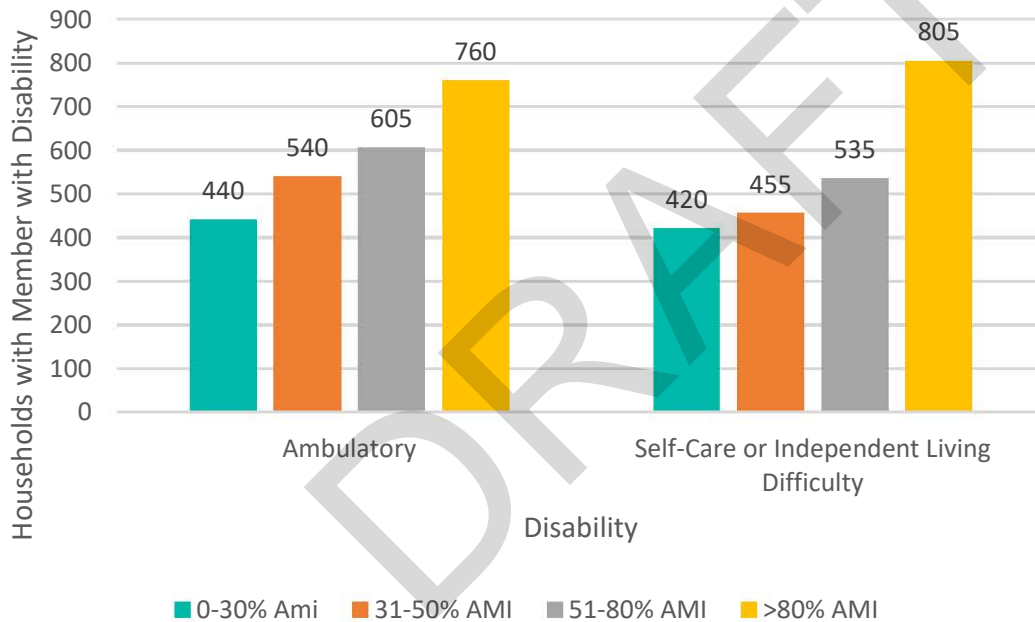
# ACCESSIBILITY

Current income and disability trends in the City show that households including someone living with an ambulatory, self-care or independent living disability are found across all income levels, including levels that would find market rate housing affordable. Lower-income households tend to have disabilities go unreported or undiagnosed due to limited access to affordable healthcare. There is no reliable data on local units that are accessible, though estimates nationally place accessible single family homes at just 1% of the total housing stock in the country. The

high number of those with a hearing or vision disability at 0-30% median income is slightly concerning, but many times their assisted housing needs are not as structural as those with ambulatory disabilities. The 1,855 households under 50% median income with ambulatory disabilities or self-care or independent living difficulties are most concerning because they are at the highest risk for homelessness because of their incomes and also have the greatest need for accessibility features, which many likely do not have.

**Figure 78. Disability and Income for Sheboygan**

Source: HUD CHAS 2012-2016



# OTHER FORCES IMPACTING THE MARKET

The housing market is impacted by a variety of local and national forces, including taxes, public policy and regulation, availability of lots, and other livability factors. This section describes some of those forces.

## TAXES

A topic that came up in the community survey and interviews is the impact taxes have on a household's decision to live in Sheboygan or in another community with lower tax rates.

Based on 2019 data from the Wisconsin Department of Revenue, Sheboygan's mill rate is higher than smaller neighboring communities, though it is similar to larger communities in the region. It's generally expected that larger cities will have higher tax rates than towns, villages, and small cities because they maintain more infrastructure and offer more services per capita. The City's infrastructure is also generally older and has more repair costs than in most of the secondary market. Sheboygan is between six and 24 times larger than all of the communities in the Figure below. It is also the only community (other than Oshkosh) which provides full-time police and fire service. The City of Sheboygan Falls has the lowest mill rate at .020732. Sheboygan's mill rate is 24% higher than Sheboygan Falls'. Twenty three percent (23%) of community survey respondents living outside of the City of Sheboygan noted that taxes were an important factor in deciding to live at their current residence.

## KEY DATA

- Redevelopment opportunities exist within the community.
- The City's Zoning Code and development processes are developer-friendly.
- The City has unique amenities that attract and retain residents.
- Nationwide trends are impacting the local housing market.

**Figure 79. 2019 Mill Rate Comparison**

Source: Wisconsin Department of Revenue

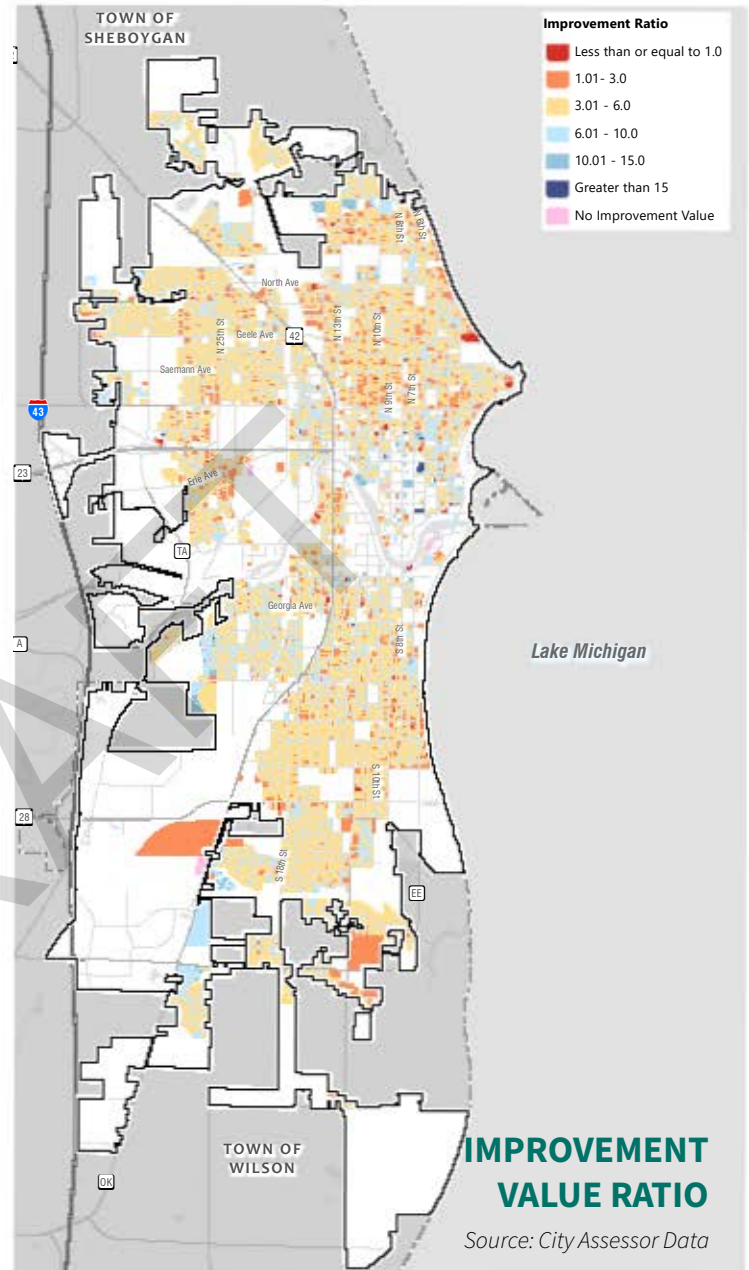
\*The median home value in Sheboygan, based on 2018 5-Year ACS estimates

Municipality	2019 Mill Rate	Tax on \$109,700* Home	Difference vs. Sheboygan	2019 Population
City of Sheboygan	0.025718	\$2,821	-	48,697
City of Oshkosh	0.025540	\$2,802	(\$20)	67,201
Village of Kohler	0.022455	\$2,463	(\$358)	2,094
City of Plymouth	0.021344	\$2,341	(\$480)	8,758
City of Sheboygan Falls	0.020732	\$2,274	(\$547)	8,115

# IMPROVEMENT VALUE RATIO

Improvement value ratio shows improvement value divided by land value. This ratio can help identify areas that are more likely to benefit from redevelopment—areas with high land value and low improvement value. The map on the right shows the improvement ratio for residential lots in Sheboygan. Lower improvement ratios throughout the City are not surprising due to the age of the City’s housing stock.

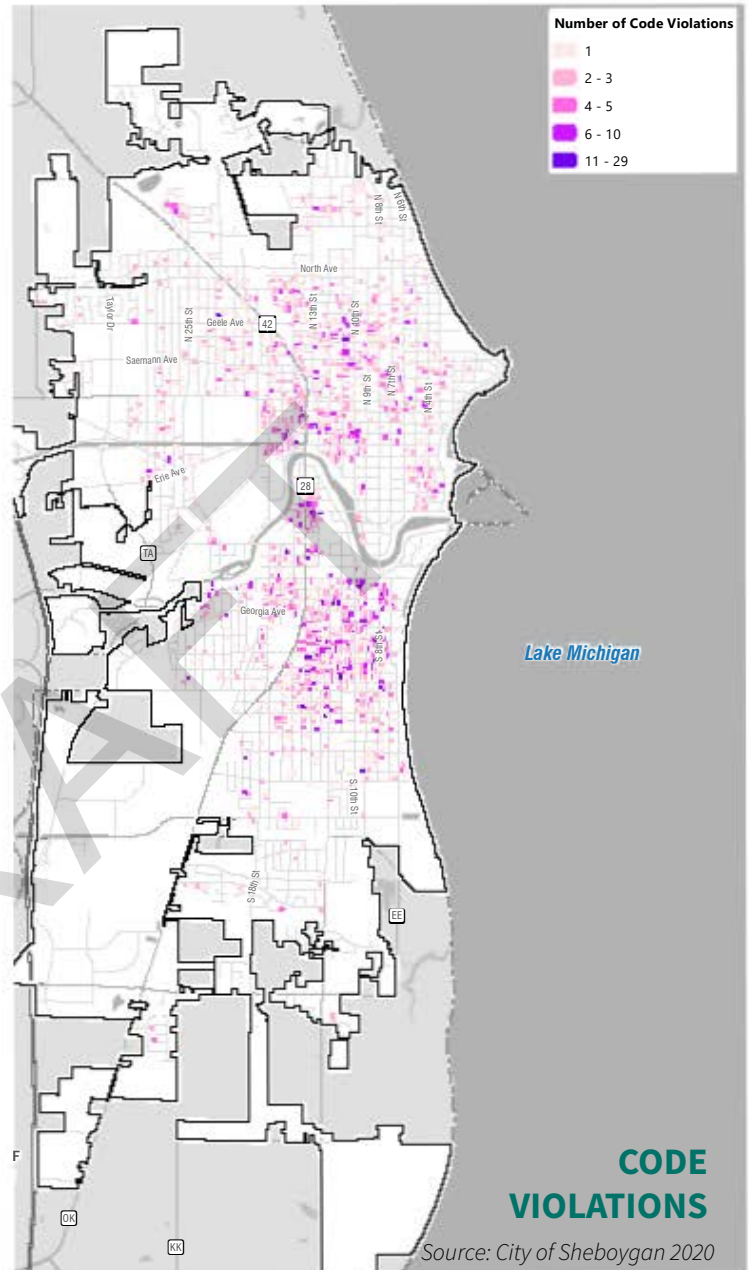
Areas with the lowest improvement ratios, which may be most prepared for redevelopment, are scattered throughout the City. Because the City’s growth is limited by the amount of available greenspace, redevelopment of under performing or vacant properties will likely be a key strategy in improving and growing the housing stock throughout Sheboygan.



# CODE VIOLATIONS

The City currently has a proactive code enforcement program to support and enhance property values, keep aging buildings in good repair, and improve neighborhood appearance/pride. Each year the City chooses an area of the City to focus its efforts. In interviews this program was brought up as something that is working well for the City and has greatly improved the perception of the community and that it is a safe place to live. One interviewer did view the program positively, but also worried that it targeted landowners who may have fallen through the cracks and can't afford to make updates to their homes. It is challenging to get loans on older homes in the City that have little to no equity in them.

There were about 2,600 violations recorded over the period 2015-2019. Fifty percent (50%) of these violations were from repeat offenders.

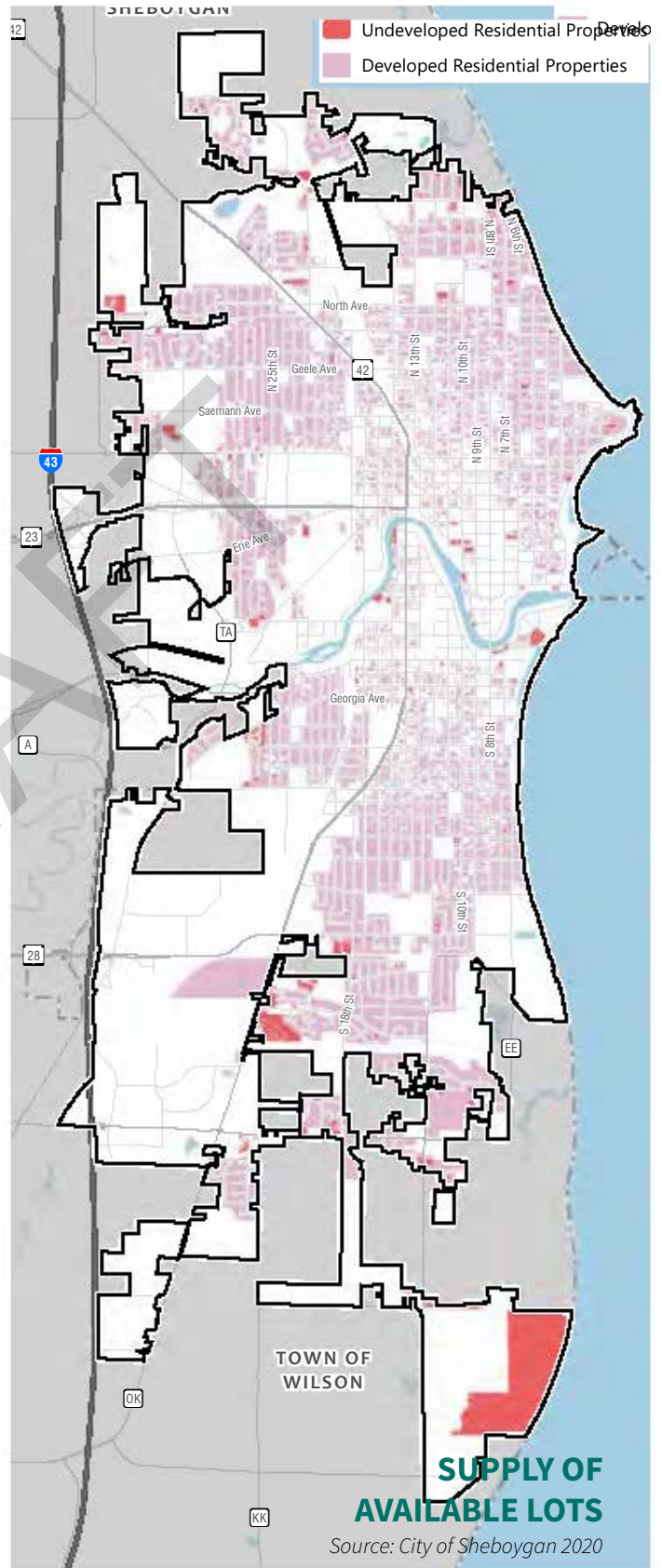


# SUPPLY OF AVAILABLE LOTS

In addition to redevelopment opportunities, there are parcels in the City that are zoned for residential use, but remain vacant. The Figure to the right shows where these parcels are located.

Currently, there are around 270 undeveloped residential properties. These properties range in size from 0.1 to 74.5 acres. Of these properties, 78% are zoned SR-5 (Suburban Residential-5), 11% are UR-12 (Urban Residential-12), 6% are zoned SR-3 5 (Suburban Residential-3), and the remainder are a mix of zoning district types.

Development in the City is primarily limited due to the lack of greenfield available for new development. Development is somewhat limited by the location of wetland, floodplain and steep slopes. Most of these development limitations are found adjacent to Lake Michigan, Pigeon and Sheboygan Rivers, and other creeks.



# REGULATIONS

## Zoning

Sheboygan's Zoning Ordinance has six traditional residential zoning districts:

- Estate Residential-1 (ER-1)
- Suburban Residential-3 (SR-3)
- Suburban Residential-5 (SR-5)
- Neighborhood Residential (NR-6)
- Mixed Residential-8 (MR-8)
- Urban Residential-12 (UR-12)

Of these six residential zoning districts, the MR-8 and UR-12 districts are the only ones that allow unit types other than single-family as permitted by right. Both districts allow duplexes and twin homes by right. Townhomes are also a permitted use in the UR-12 district. Multiplex and apartments are not allowed by right in any district currently, they are conditional uses in the UR-12, NO (Neighborhood Office), NC (Neighborhood Commercial) and CC (Central Commercial) districts. Residential development by right within the zoning code reduces unpredictability and helps to ease the procedural costs of housing development. There is an opportunity for the City to integrate attached units and small multi-unit structures as permitted by right into additional residential districts.

One part of Sheboygan's ordinance that offers increased flexibility to accommodate a variety of needs and uses is the planned unit development (PUD). This type of zoning allows for a mixture of residential, commercial and public facilities along corridors. The purpose of the PUD is to encourage alternative designs that allow a mix of uses in one area and better use and integrate the site's natural characteristics as well as the existing built environment's characteristics. PUDs are permitted in the MR-8, UR-12, NO, UC (Urban Commercial), CC, UI (Urban Industrial), and HI (Heavy Industrial) zoning districts.

Minimum lot sizes vary from 10,000 square feet for single-family homes in the SR-3 (Suburban Residential-3) district to 6,000 square feet in all other districts. Smaller lot sizes for single-family homes with a minimum lot size of 4,500 SF are allowed as a conditional use in several residential districts (NR-6, NR-8, and UR-12).

Minimum lot widths for single-family detached housing ranges from 150 ft. in the ER-1 district to 70 ft. in the SR-3 district and 60 ft. in all other districts. Minimum front yard setbacks for single-family detached homes ranges from 50 ft. in the ER-1 district to 35 ft. in the SR-3 district to 25 ft. in all others. Minimum dwelling unit separation ranges from 50 ft. in the ER-1 district, to 20 ft. in the SR-3 district to 10 ft. in all others.

Interviews with housing experts in the City discussed that while the City does tend to have smaller lot sizes because

many of the lots were platted years ago, when older homes are razed developers or new homeowners are often required to seek setback variances. To try and cut down on the number of variances requested, the City could consider further reducing building setbacks.

## Development Fees & Process

Most costs of development are passed on to consumers in both ownership and rental markets, including fees associated with development. Development review fees are assessed by the City in order to ensure the quality of development. Impact fees are assessed to cover the incremental cost of City facilities needed to accommodate new housing.

The development example on page 63 shows total development fees for a hypothetical subdivision of 30 (2,500 sq. ft.) single-family homes, eight (1,500 sq. ft.) duplexes and one apartment complex with 60 units. Fees for this 106-unit development would add a total of \$208,979 to the project (an average of \$1,971 per unit). These fees are typically passed on to buyers and renters through purchase price/rents.

One of the larger fees many communities charge is an impact fee. Impact fees fund a proportionate share of the cost of public facilities needed to serve new development. Typical impact fees charged by communities include sewer, water, parks, waste, police, fire, among others. Currently the only impact fee Sheboygan charges is a park impact fee of \$563/unit. When looking at surrounding communities, this fee is comparable. The City of Plymouth charges a sewer impact fee of \$720.54 per unit and Sheboygan Falls charges a park impact fee of \$500/unit. It is important that fees be reassessed periodically to ensure they are appropriately reflecting the City's costs and not dramatically out of step with fees charged by other communities in the region.

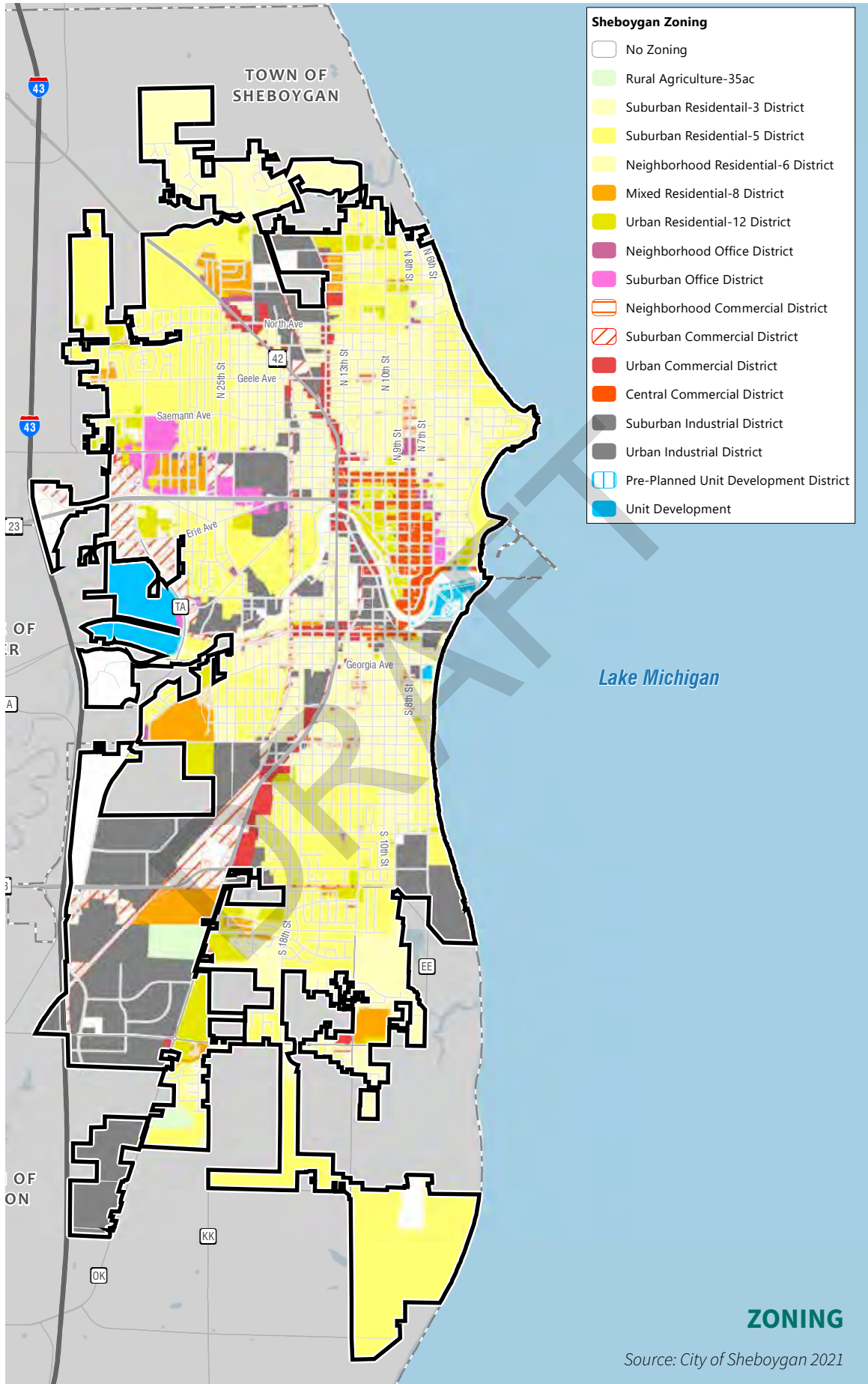
Interview participants generally thought development fees are reasonable in the City, especially compared to surrounding communities. Participants also felt the City is very open to working with developers which played a big part in past decisions to develop within the City. The concern participants had involved process—due to the age of the housing stock in Sheboygan, redevelopments typically require variances. The City is generally supportive of these variances, however they add time (cost) to projects. Developers wondered if there might be a way to expedite the process. Another concern from a developer was the requirement for a City contractor license, in addition to the required State license. Although Sheboygan is the only City in Wisconsin with this additional requirement, it serves as an added layer of protection for homeowners to ensure quality contractors.



**Figure 80. Sheboygan Zoning Ordinance Use Matrix**

Source: City of Sheboygan Ordinances (Chapter 15)

	Estate Residential-1	Suburban Residential-3	Suburban Residential-5	Neighborhood Residential	Mixed Residential-8	Urban Residential-12	Neighborhood Office	Neighborhood Commercial	Urban Commercial	Central Commercial
Dwelling Type	ER-1	SR-3	SR-5	NR-6	MR-8	UR-12	NO	NC	UC	CC
<b>Single-family</b>	P	P	P	P	P	P	P	P	C	C
<i>Min Lot Size (in SF)</i>	40,000	10,000	6,000	6,000	6,000	6,000	6,000	6,000		
<i>Min Lot Width (in FT)</i>	150	70	60	60	60	60	60	60		
<i>Min Front Yard Setback (in FT)</i>	50	35	25	25	25	25	25	25		
<i>Min Dwelling Unit Separation (in FT)</i>	50	20	10	10	10	10	10	10		
<b>Duplex</b>					P	P				
<i>Min Lot Size (in SF)</i>					6,000	6,000				
<i>Min Lot Width (in FT)</i>					60	60				
<i>Min Front Yard Setback (in FT)</i>					20	20				
<i>Min Dwelling Unit Separation (in FT)</i>					10	10				
<b>Twin House</b>					P	P				
<i>Min Lot Size (in SF)</i>					3,000	3,000				
<i>Min Lot Width (in FT)</i>					30	30				
<i>Min Front Yard Setback (in FT)</i>					20	20				
<i>Min Dwelling Unit Separation (in FT)</i>					10	10				
<b>Two-Flat</b>				C	C		C	C		
<b>Townhouse</b>						P				C
<i>Min Lot Size (in SF)</i>						2,500				
<i>Min Lot Width (in FT)</i>						16				
<i>Min Front Yard Setback (in FT)</i>						20				
<i>Min Dwelling Unit Separation (in FT)</i>						20				
<b>Mobile Home</b>					C					
<b>Multiplex</b>						C	C	C		C
2,500 SF lot area/unit										
<b>Apartment</b>						C	C	C		C
2,500 SF lot area/unit										
<b>Rooming House</b>						C	C		C	C
<b>Community Living (1-8)</b>	S	S	S	S	S	S				
<b>Community Living (9-15)</b>	C	C	C	C	C	S	C			
<b>Community Living (16+)</b>						C	C			



Example Development Scenario: 30 Single Family Homes, 16 Duplex Units, 60 Apartment Units (1 building)				
Fee Type	Amount*	Unit	Quantity	Total
Plan Approval - SF and Duplex	\$75	EA	38	\$2,850
Plan Approval - MF	\$200	EA	1	\$200
Plan Approval - MF	\$15	Unit	60	\$900
Erosion Control Permit - All	\$100	Parcel	39	\$3,900
Heating Plans and Energy Calculations	\$200	EA	1	\$200
Building Permits - SF and Duplex	\$400	EA	38	\$15,200
Building Permit - SF and Duplex (over 2,000 SF)	\$20	100 SF	150	\$3,000
Building Permit - MF	\$0.30	SF	72,000	\$21,600
Driveways	\$50	EA	39	\$1,950
Electrical Permits - All	\$200	Unit	106	\$21,200
HVAC Permits - All	\$200	Unit	106	\$21,200
Water/Sewer Hookup - All	\$700	Parcel	39	\$27,300
Plumbing Fixture Fees	\$160	Parcel	39	\$6,240
WI State Seal	\$40	Parcel	39	\$1,560
Occupancy	\$50	Parcel	39	\$1,950
Address Numbers	\$10	Parcel	39	\$390
Park Impact Fee	\$563	Unit	106	\$59,678
Stormwater Management Fee	\$500	Parcel	39	\$19,500
<b>TOTAL FOR DEVELOPMENT</b>				<b>\$208,979</b>

Note: SF=single family, MF=multi-family  
 \*This represents fees in 2020

# LIVABILITY

Sheboygan attracts residents for a variety of reasons—its proximity to Lake Michigan and other recreational opportunities, quick access to I-43, and a walkable downtown that is a destination for people to shop, eat and gather for community events. Sheboygan is one of the six Wisconsin communities that AARP ranked as one of the most livable cities in the U.S. These rankings are based on livability, housing, neighborhood, transportation, environment, healthy, engagement, and opportunity. Several of the topics that came up during the Study are discussed further below.

## Amenities

Some of the amenities unique to the City of Sheboygan include:

- Lake Michigan (beaches, fishing, kayaking, surfing, diving, sailing)
- City Green (arts and entertainment greenspace)
- Museums/Historical Sites (Kohler Arts Center, Bookworm Gardens, Children’s Museum, Aviation Heritage Center)
- Farmers Markets
- Recreation (Trails, Parks)
- Historic Downtown

Sheboygan’s downtown is historic, similar to what you might find in a small town, but undergoing redevelopment which is adding public art, housing, gathering spaces, and other programming to contribute to the City’s placemaking efforts. The unique amenities and downtown in particular were something that interviewees suggested gave people a desire to live in Sheboygan.

## Neighborhoods

“Great neighborhoods” was brought up as another reason people like living in Sheboygan. Several of the interviewees said they had the general sense that people take pride in their homes and neighborhoods they live in. Today the City has 12 official neighborhood associations. Creation of additional neighborhood associations is something the City, in partnership with Sheboygan Neighborhood Pride, the Police Department and other non-profit agencies are working to establish more of (Neighborhood Pride is a non-profit focused on empowering citizens to improve their neighborhoods, reduce crime and improve quality of life). In total there are 77 official neighborhood districts (as identified by the Police Department) which could all potentially develop a neighborhood association.

## School District

The Sheboygan Area School District had a total enrollment of 10,058 for the 2019/2020 school year. This is a decrease of 3.3% from the 2015/2016 school year. When looking at the District Report Cards published by the Wisconsin Department of Instruction, which take into account student achievement, district growth, closing achievement gaps, and on-track and postsecondary readiness, the Sheboygan Area School District receives a score of 71.3 (Meets Expectations) on a scale of 0 (Fails to Meet Expectations) to 100 (Significantly Exceeds Expectations). Surrounding School Districts received the following scores:

- Howards Grove-81.5 (Exceeds Expectations)
- Kohler-90.7 (Significantly Exceeds Expectations)
- Oostburg-84.0 (Exceeds Expectations)
- Sheboygan Falls-73.7 (Exceeds Expectations)

Stakeholder engagement during this study revealed mixed reactions regarding the school district. Some focus group participants felt that Sheboygan schools are a draw, though many felt it pushed people to look for housing in surrounding communities. Of survey respondents, 5% said one of the reasons they chose not to live in Sheboygan was because of the school district.



# NATIONWIDE TRENDS

Sheboygan is connected to and affected by trends affecting housing across the country, including changes in financial regulation, demographics, development practices and cultural norms. These are some of the most relevant changes affecting housing demand in the Sheboygan area:

## 1. Household size and house size

Household size – the number of people living together – has been in decline for more than 100 years due to multiple related trends. In 1960 the average U.S. household size was 3.35 people, and by 2010 it was 2.59. Causes include declining birthrates, declining marriage rates and increasing age of first marriage, and increased longevity. In other words, people are spending more of their lives single, and those that choose to be parents are having fewer kids. Nationwide this trend does appear to be reversing, as the national household size has grown since 2010. A common explanation for the increase in household size is that people are increasingly living in multi-generational households. It remains to be seen if household size will begin to increase in Sheboygan or continue on its downward trend.

The effects of these changes on housing are varied, and not always predictable. The size of new houses has increased more or less steadily over the past 40 years, from an average of 1,400 SF in 1970 to an average of 2,600 SF in 2013. While households have been shrinking, families have been giving children their own rooms and designating separate spaces for things like home offices. There has been a modest trend back toward smaller units, even “tiny house” living, but these are not visible in the continuing overall growth of the average home size. A more predictable trend is the growth of retirement housing to accommodate the needs and interests of older people, many of whom live for years as one-person households. National data on apartment size suggest they too have grown, though not as dramatically, to an average of about 1,000 SF.

## 2. Aging Population

Trends in US Census data show that the segment of the population age 65 or older is increasing across the nation. The Population Reference Bureau (PRB) estimates that the number of Americans age 65 and older is projected to more than double between 2014 and 2060. As Baby Boomers age, we expect the number of seniors in Sheboygan to continue to rise.

PRB notes that, especially in the Midwest, those age 65 and older are choosing to age in place, or stay in their homes as long as possible. The community survey also found that most older residents prefer to stay in their current housing

as long as possible. The second most common type of unit for this age cohort is within apartment complexes containing 20 or more units (19%). Due to the high number of seniors aging in place, accessibility improvements are critical as is offering senior apartments.

## 3. Housing Affordability

Large-scale economic trends are bringing housing affordability into focus as a prominent issue across the country. While the household income of the top 5% of US households has more than doubled in the past 50 years, middle income households have seen only about a 10% increase in that period. Meanwhile, inflation-adjusted housing costs have risen roughly 50% for rental housing and 70% for home ownership in that period. The result of these trends is that housing is requiring a bigger portion of household incomes. Thirty percent of income has long been viewed as the standard threshold for “affordable”, as defined by the federal government. Eighteen percent of owners and 33% of renters in the City currently pay more than 30% of their income for housing.

Local governments are now stepping in to address the challenges around affordability. Spurred by businesses concerned about hiring needs, complaints from residents who can’t find desirable housing within their budgets, and community concerns about declining conditions due to lack of reinvestment in housing, communities are coming forward with policies and initiatives to address this challenge.

## 4. Stricter Lending Regulation, More Student Loan Debt, and Delayed Home Ownership

Lender underwriting requirements have stiffened considerably in the wake of the housing crisis that caused the Great Recession. In January 2014, provisions of the Dodd-Frank Act kicked in that establish standards for a “qualified mortgage” that can be purchased by Fannie Mae or Freddie Mac. The standards compel banks to verify that borrowers’ debt-to-income ratio doesn’t exceed 43 percent of their gross income, part of an effort to prevent people from overexposing themselves to the risk of foreclosure. Banks that fail to verify this debt ratio can be sued by the borrower if he or she later defaults on the loan. The long-term effects of this regulation are uncertain, but it is fair to assume that some aspiring homeowners will be protected from foreclosure by being denied a mortgage in the first place.

With the rise in housing costs and stricter borrower protections, this also means that first-time homeownership

# NATIONWIDE TRENDS

is more difficult to accomplish due to rising down payment and closing costs. According to the State of the Nation's Housing Report 2019 (Joint center for Housing Studies of Harvard University), as the large millennial generation ages into their 30's, when homebuying peaks, there should be a growing demand for homeownership. If age-specific homeownership rates remained at the same level in 2018, household growth alone would add roughly 8.0 million homeowners between 2018 and 2028.

The combined effect of increased student loan debt, increased ownership costs, and stricter borrowing rules is a delay in the average age of first-time home ownership. The National Association of Real Estate found that between 1993 and 2018 the average age of first-time home buyers rose from 26 to nearly 34.

## 5. Planning and Development Practices

The dominant trend in community planning and development after World War II was the segregation and concentration of uses and housing types – stores here, single family homes there, apartments somewhere else. This pattern has been shown to weaken neighborhoods and communities by isolating people and building in a dependence on car use. It is now generally recognized that healthy neighborhoods are those that people can stay in over time as their needs and interests change. Healthy neighborhoods include a mix of housing types, sizes, and price points, and they often include or are near to stores and restaurants. Healthy neighborhoods are also walkable, enabling more access to daily needs for people unable to drive.

## 6. COVID-19

The full health and economic impacts of COVID-19 are still to be determined as new cases occur and programs and policies are put in place at the national and local levels to try and keep businesses afloat and people employed. There was some speculation that an economic recession with workers out of jobs or in fear of losing their jobs is likely to reduce demand for big ticket items like new cars and homes. Anecdotal evidence from realtors suggests that there was a slowdown for people looking for homes in Spring of 2020, however the remainder of the year made up for it. Total home sales in 2020 increased by 5% from 2019 in Sheboygan County.

Currently there is a federal eviction moratorium in effect to prevent landlords from evicting renters and prevent foreclosures on owner-occupied homes. These moratoriums should keep people in housing even though they may be out of a job and unable to make mortgage payments/rents. If the recession does deepen and more jobs are lost, when the moratoriums are lifted, this could create a very real crisis among low-income renters in particular who face the possibility of being evicted if they can't pay rent. During one of our interviews, one of the organizations working with low-income/homeless residents expressed concern over this possibility. To try and get ahead of the anticipated crisis when moratoria are lifted, this organization is working with their clientele now to ensure they are paying rent and utilities if they can and ensure there is an understanding the past unpaid bills won't just go away.

**Figure 81. Sheboygan County Total Home Sales 2017-2020**

Source: Multiple Listing Service



# HOUSING GAPS AND OPPORTUNITIES

## UNITS NEEDED

### Overall

This chapter includes unit recommendations under two scenarios—conservative and high growth. Both scenarios use the Wisconsin Department of Administration (DOA) projections. The conservative scenario uses DOA's growth projection for the City, which relies on a continuation of past growth trends in the City. The second projection scenario uses DOA growth projections for the County, which has been projected to grow at a faster pace than the City. It is useful to have multiple growth scenarios to allow for some flexibility as to what the future might hold for Sheboygan. The City is not limited to a continuation of what past growth has been—and has an opportunity to pull in new residents who are coming to live in the region.

The Wisconsin Department of Administration estimates that the total number of households will increase in Sheboygan to 20,801 in 2020 and 21,162 in 2030. Overall, this is a 1.7% increase from today. The growth in housing units should exceed the growth in households, to accommodate 2% vacancy of owner-occupied units and 5% vacancy of renter-occupied units.

Market conditions support the continued growth of all types of housing, including both renter- and owner-occupied units. Under the conservative projection of accommodating an additional 361 households over the next 10 years, and continuing to support a healthy balance owner- and renter- units, the City will require a net addition (accounting for the loss of units in redevelopment) of about **401 rental units (40/year) and 325 owner-occupied units (33/year)**. This takes into account demand from new residents, existing residents and increasing vacancy rates to healthy levels. This also includes the 399 rental units currently under construction in the Badger State Loft, Kingsbury Village, and The Oscar. These projected needs are based on the assumption that the current balance of 39% rental units and 61% ownership units is maintained.

Under the high growth scenario assuming there will be 1,120 new households by the year 2030, the City will require a net addition of about **1,023 rental units (102/year) and 715 owner-occupied units (72/year)**.

## KEY FINDINGS

● 401-1,023 additional rental units are needed in the City by 2030.

● 325-715 additional owner-occupied units are needed in the City by 2030.

● 1,289 total (including existing units) independent living senior units are needed in the City by 2030.

● 196 additional assisted living senior units are needed in the City by 2030.

Each of the next four pages breaks down the demand analysis for ownership and rental units using both conservative and high growth estimates.

### Ownership Units

In total, there is demand for 244-536 single family-detached and 81-179 single-family attached (duplex, townhouse) units over the next ten years.

Single-family attached and detached unit price points should be within the following, based on current **ownership** price points and HUD FY2020 income categories:

- 60-131 units priced up to \$129,000
- 64-141 units priced between \$146,000-\$222,000
- 45-100 units priced between \$192,000-\$281,000
- 156-342 units priced greater than \$234,000

These findings are consistent with what we heard from housing expert interviews within the community—there is a need for more single-family homes at the \$150,000-\$225,000 and \$250,000-\$350,000 price points. The two major manufacturing employers we interviewed also said for the salaried positions they hire for, they generally

# UNITS NEEDED

pay \$50,000-\$80,000 per year. For these positions they often end up recruiting from outside the Sheboygan area. These positions generally look for short term apartments up front but will transition to ownership at some point. Wages for these positions are generally \$50,000-\$80,000. An affordable home at these price points is \$225,000-\$350,000.

Currently, approximately 10% of Sheboygan's housing stock is single-family-attached housing. Instead of applying a 10% preference for single-family attached housing, the projections assume a 25% preference for attached housing. This is based on responses in the community survey and the idea of using attached units as an affordability strategy for those who seek homeownership but for whom conventional detached housing may be out of reach due to cost.

**Figure 82. Ownership Unit Need Projection for Sheboygan-Conservative Growth**

Source: HUD CHAS, MSA Professional Services

New Construction Ownership Housing Demand to 2030 - Conservative			
<b>Demand from New Households Within the City</b>			
Owner Household Growth	220 additional households		
Percent Owner Households under 65	71%		
Demand Generated for New Construction	<b>156 ownership units</b>		
<b>Demand from Existing Resident Households</b>			
Current Owner Households (those under 65)	8,725 households		
Annual Turnover	5.8%		
Households Anticipated to Move	504		
Desire New Construction	22%		
New Construction Demand	<b>61 ownership units</b>		
<b>Total Demand for New Construction Ownership Units = 217 units</b>			
<b>Demand for Detached vs. Attached Units</b>			
Demand for SF-Detached	75%	Demand for SF-Attached	25%
#	163	#	54
Additional Need for 2% Vacancy	81 units	Additional Need for 2% Vacancy	27 units
<b>Total SF-Detached Need</b>	<b>244 units (24/year)</b>	<b>Total SF-Attached Need</b>	<b>81 units (8/year)</b>
<b>Total Unit Need = 326 units (33/year)</b>			

# UNITS NEEDED

**Figure 83. Ownership Unit Need Projection for Sheboygan-High Growth**

Source: HUD CHAS, MSA Professional Services

<b>New Construction Ownership Housing Demand to 2030 - High</b>			
<b><i>Demand from New Households Within the City</i></b>			
Owner Household Growth	683 additional households		
Percent Owner Households under 65	71%		
Demand Generated for New Construction	<b>485 ownership units</b>		
<b><i>Demand from Existing Resident Households</i></b>			
Current Owner Households (those under 65)	8,725 households		
Annual Turnover	5.8%		
Households Anticipated to Move	504		
Desire New Construction	44%		
New Construction Demand	<b>121 ownership units</b>		
<b>Total Demand for New Construction Ownership Units = 606 units</b>			
<b><i>Demand for Detached vs. Attached Units</i></b>			
Preference for SF-Detached	75%	Preference for SF-Attached	25%
#	455	#	152
Additional Need for 2% Vacancy	81 units	Additional Need for 2% Vacancy	27 units
<b>Total SF-Detached Need</b>	<b>536 units (54/year)</b>	<b>Total SF-Attached Need</b>	<b>179 units (18/year)</b>
<b>Total Unit Need = 715 units (72/year)</b>			

# UNITS NEEDED

## Rental Units

Rental unit projections are based on projected household growth, current housing tenure rates and affordability rates for current renter households. The calculations include the number of units that need to be added to bring Sheboygan from a rental vacancy rate of 3.3% to a rate of 5%.

Based on current **rental** price points and HUD FY2020 income categories, new rental units should be within the following price points:

- 184-471 units with monthly rent up to \$918 (Affordable Units)
- 112-287 units with monthly rent between \$1,028-\$1,468

**Figure 84. Rental Unit Need Projection for Sheboygan-Conservative Growth**

Source: HUD CHAS, MSA Professional Services

New Construction Rental Housing Demand to 2030 - Conservative					
<b>Demand from New Households Within the City</b>					
Renter Household Growth	141 additional households				
Percent Renter Households under 65	82%				
Demand Generated for New Construction	<b>296 rental units</b>				
<b>Demand from Existing Renter Households</b>					
Current Renter Households (those under 65)	6,592 households				
Annual Turnover	26%				
Households Anticipated to Move	1,714				
Desire New Construction	22%				
New Construction Demand	<b>377 rental units</b>				
<b>Total Demand for New Construction Rental Units = 673 units</b>					
<b>Total Adjusted Demand (399 Units Under Construction) = 274 Units</b>					
<b>Demand for Rental Units at Various Price Points</b>					
Affordable Units	46%	Mid-Level Units	28%	High Market Units	26%
New Affordable Demand	126	New Mid-Level Demand	77	New High Market Demand	71
Additional Need for 5% Vacancy	58	Additional Need for 5% Vacancy	36	Additional Need for 5% Vacancy	33
<b>Total Affordable Need</b>	<b>184 units (18/year)</b>	<b>Total Mid-Level Need</b>	<b>112 units (11/year)</b>	<b>Total High Market Need</b>	<b>104 units (10/year)</b>
<b>Total Unit Need = 401 units (40/year)</b>					

# UNITS NEEDED

- 104-266 units with monthly rent greater than \$1,284

Two of the major manufacturing employers we interviewed stated many of the positions they are hiring for are hourly, full-time positions. Interviewees said people in these positions are often renters. The pay range for these

positions is between \$18 and \$22 per hour. An affordable monthly housing cost for these positions is between \$925 and \$1,150 per month which is in line with our projections and further emphasizes a need for more affordable and mid-level units.

**Figure 85. Rental Unit Need Projection for Sheboygan-High Growth**

Source: HUD CHAS, MSA Professional Services

New Construction Rental Housing Demand to 2030 - High					
<b>Demand from New Households Within the City</b>					
Renter Household Growth	437 additional households				
Percent Renter Households under 65	82%				
Demand Generated for New Construction	<b>918 rental units</b>				
<b>Demand from Existing Renter Households</b>					
Current Renter Households (those under 65)	6,592 households				
Annual Turnover	26%				
Households Anticipated to Move	1,714				
Desire New Construction	22%				
New Construction Demand	<b>377 rental units</b>				
<b>Total Demand for New Construction Rental Units = 1,296 units</b>					
<b>Total Adjusted Demand (399 Units Under Construction)=897 Units</b>					
<b>Demand for Rental Units at Various Price Points</b>					
Affordable Units	46%	Mid-Level Units	28%	High Market Units	26%
New Affordable Demand	412	New Mid-Level Demand	251	New High Market Demand	233
Additional Need for 5% Vacancy	58	Additional Need for 5% Vacancy	36	Additional Need for 5% Vacancy	33
<b>Total Affordable Need</b>	<b>471 units (47/year)</b>	<b>Total Mid-Level Need</b>	<b>287 units (29/year)</b>	<b>Total High Market Need</b>	<b>266 units (27/year)</b>
<b>Total Unit Need = 1,023 units (102/year)</b>					

# UNITS NEEDED

## Senior Units

Sheboygan currently has about 4,952 households age 65 and older. By 2025 this is projected to be 6,388, and by 2030 8,368 households. Some in this age cohort will continue to live in their current homes, but others will look for dedicated housing for seniors. The projections for senior units needed in Sheboygan are into two categories: those requiring Assistance with Daily Living (ADL), and those not requiring ADL. Examples of ADL include meal preparation, assistance with taking medication or bathing, which are part of assisted living and nursing home facilities.

**For Independent living facilities (ADL not required), there is a current estimated demand for 595 subsidized units and 168 market rate units. This need increases to 767 subsidized and 216 market rate units**

**in 2025 and 1,005 subsidized and 284 market rate units in 2030.** These numbers do not include the number of units that currently exist in the City, and do not include need from communities outside the City.

**For assisted living facilities/nursing homes/memory care units, there is a current surplus of 234 beds in Sheboygan. By 2025 this decreases to a surplus of 53 and a need for 196 additional beds by 2030.** This does include the existing supply of assisted living/CBRF/nursing home facilities currently found in Sheboygan. This does not include need from communities outside the City.

Figure 86. Independent Living Demand Projection for Sheboygan-Conservative Growth

Source: See below

Age Cohort of Household	Assumptions	2020 Households	2025 Households (projected)	2030 Households (projected)
65+	-	4,952	6,388	8,368
<b>Assistance with Daily Living (ADL) NOT Required*</b>				
65+	55%	2,724	3,513	4,602
<b>% Renter Households**</b>		<b>28%</b>		
Total Potential Market		763	984	1,289
<b>% Subsidized**</b>		<b>78%</b>		
<b>Projected Demand - Subsidized***</b>		<b>595</b>	<b>767</b>	<b>1,005</b>
<b>Projected Demand - Market Rate***</b>		<b>168</b>	<b>216</b>	<b>284</b>

\*Estimates from the Agency for Healthcare Policy and Research

\*\*2012-2016 HUD CHAS data for 62+ households

\*\*\*This does not include existing units

# UNITS NEEDED

**Figure 87. Assisted Living Demand Projection for Sheboygan-Conservative Growth**

Source: See Below

Age Cohort of Household	Assumptions	2020 Households	2025 Households (projected)	2030 Households (projected)
65+	-	4,952	6,388	8,368
<b>Assistance with Daily Living (ADL) Required*</b>				
65+	45%	2,724	3,513	4,602
<b>% Renter Households**</b>		<b>28%</b>		
Total Potential Market		624	805	1,054
Minus Existing Supply of Assisted Living/CBRF/Nursing Home Units		858	858	858
<b>Projected Demand</b>		<b>(234)</b>	<b>(53)</b>	<b>196</b>

\*Estimates from the Agency for Healthcare Policy and Research

\*\*2012-2016 HUD CHAS data for 62+ households

DRAFT

# WHERE UNITS ARE NEEDED

## Affordable Housing

Affordable rental housing often faces two challenges: local opposition (“Not in my Backyard”) and financial feasibility. Affordable housing is almost always subsidized in some way. Common methods for subsidizing affordable housing include Low Income Housing Tax Credits (LIHTC) and local funding through active Tax Incremental Finance District or an affordable housing fund. Applications for 9% LIHTC are competitive and applications receive points based on a number of criteria they can meet in the following areas: being near bus stops; in qualified census tracts (identified by WHEDA); financial assistance (e.g. TIF); and being near amenities such as schools, parks, grocery stores, libraries, etc.

The map on pages 76-77 shows priority areas for affordable housing based on funding criteria for LIHTC. Lighter areas are the highest priority areas for housing. In addition to the benefits of increasing a potential housing project’s LIHTC application scoring, building housing near parks, schools, transportation and other amenities is good planning practice.

A benefit to Sheboygan’s older housing stock is that it provides naturally occurring affordable housing. For this reason, ownership affordability is considered a lower priority. Of greater issue is the quality/desirability of homes and barriers to homeownership such as lack of downpayment, credit history, and low income levels.

## Condos

In 2017 the City and SCEDC commissioned a condo study which indicated a need for 162 condo units in downtown Sheboygan by 2021 (this study projects a need of 81-179 additional units by 2030). To date only 31 have been built. See the map below for specific locations the study recommended as potential locations for new condo development. The only recommended location that has been built is #8 (Water’s Edge Condominiums).

## Senior Housing

Downtown is also an ideal location for active living senior housing. Although many seniors prefer to age in place in their existing homes, there is a national trend of retirees and empty nesters moving downtown. The appeal of downtown is being closer to services and amenities - public transit, health care, pedestrian-friendly streets, arts culture, libraries, stores and human interaction - all things that are also attracting younger residents to live downtown. The preferred location for assisted living facilities and nursing homes is more flexible, though proximity to a health care facility can be advantageous.



City of Sheboygan

# WHERE UNITS ARE NEEDED

**Figure 88. Recommended Locations for Condos in Sheboygan\***

Source: 2017 Condo Market Study (Tracy Cross & Associates)



**Key Property**

- ① Armory Property (+/- 2 Acres)
- ② Blue Harbor Property (+/- 14 Acres)
- ③ Optenburg Property (+/- 3 Acres)

**Key Property**

- ④ Koepsell Property (+/- 1.5 Acres)
- ⑤ Kingsbury Property (+/- 2 Acres)
- ⑥ Mayline Property (+/- 2 Acres)

**Key Property**

- ⑦ Boat Doctors/Launch Property (+/- 1.5 Acres)
- ⑧ Richardson Lumber Property (+/- 2 Acres)

\*Note: A number of these sites were redeveloped in 2019 and 2020. Currently #5, #7, and #8 are unavailable. Check with the City Planning & Development Department for current redevelopment opportunities.

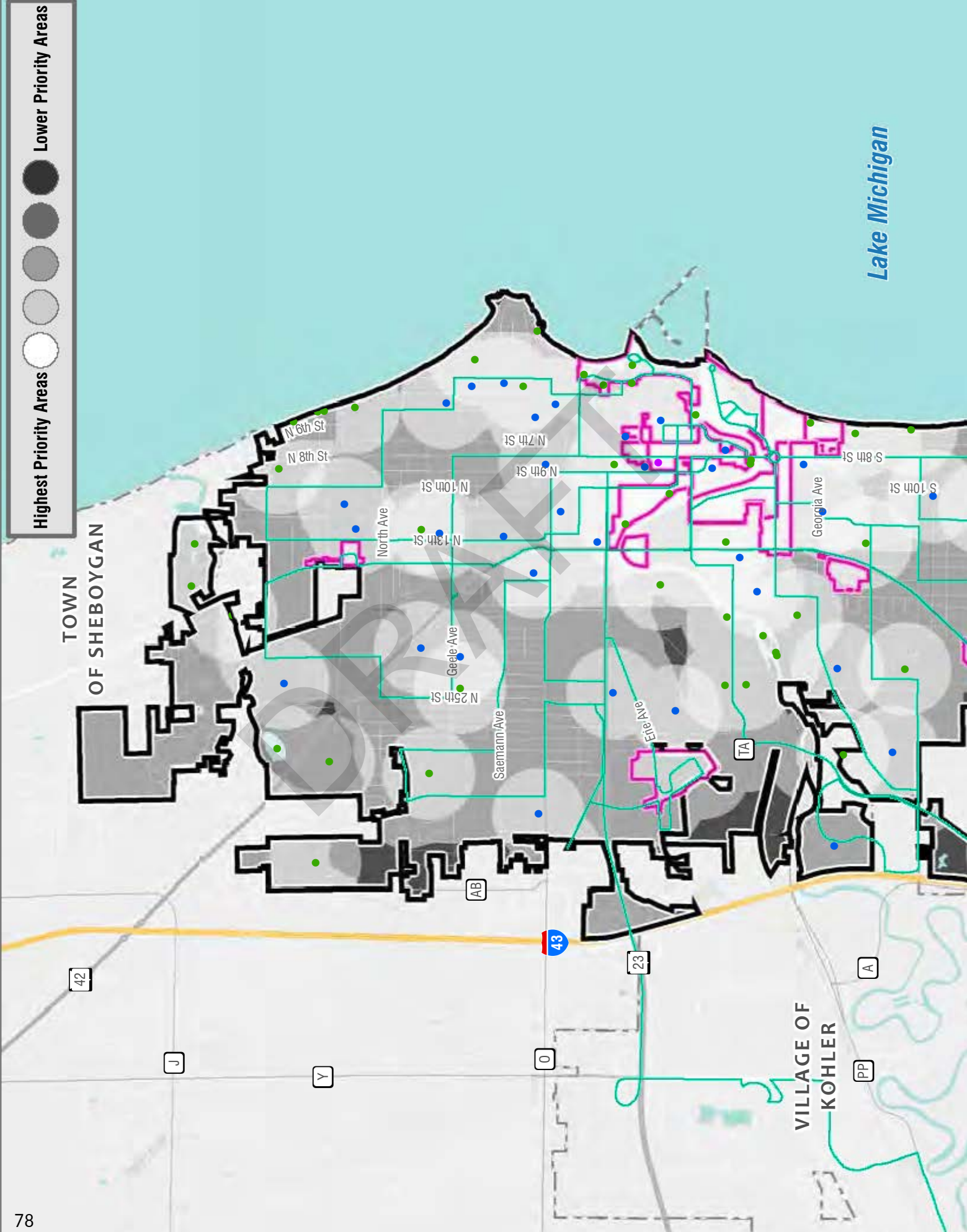
Highest Priority Areas

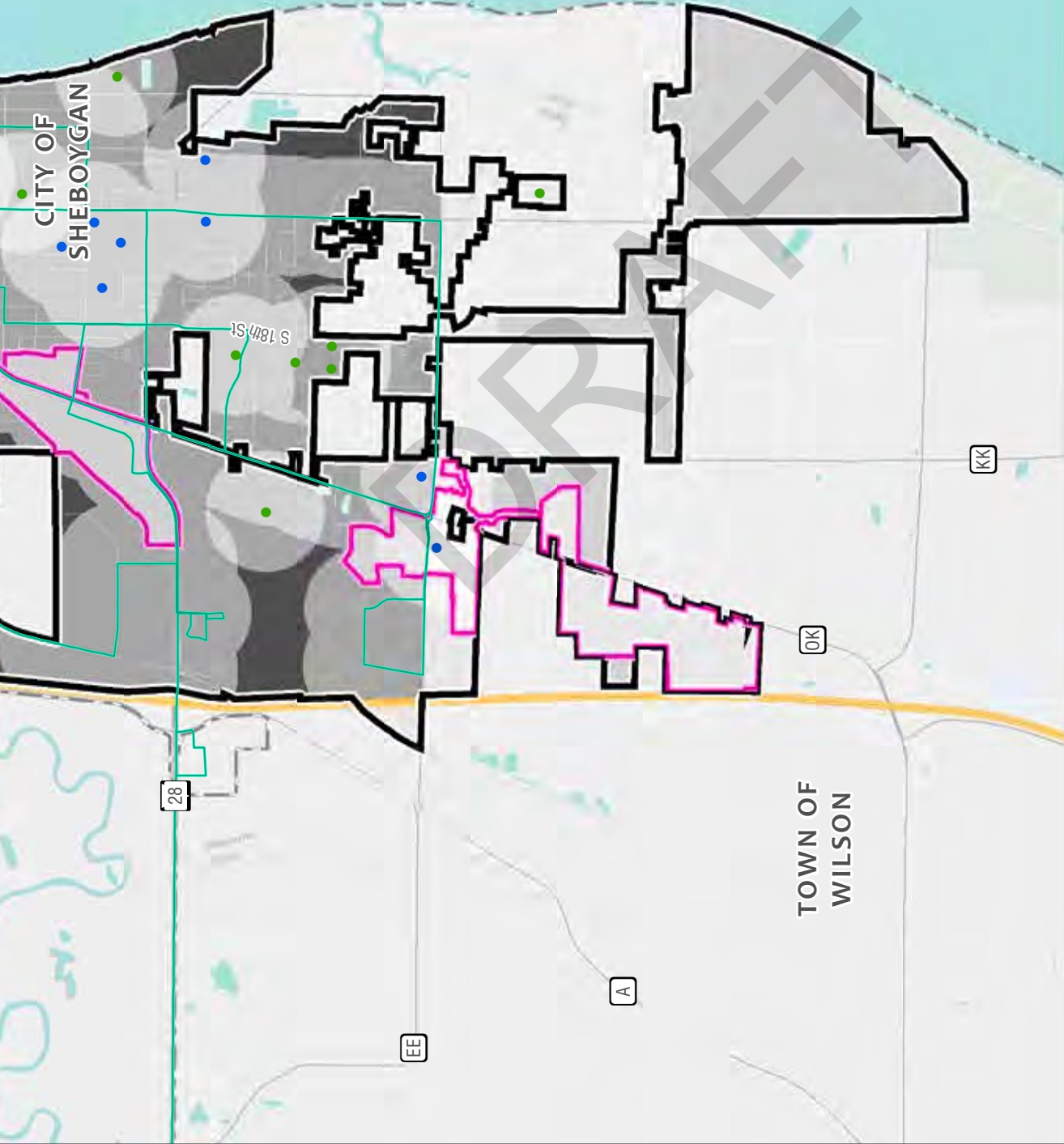


Lower Priority Areas

TOWN OF SHEBOYGAN

Lake Michigan





Data Sources:  
 Municipal Limits, Hydrology, Parcels:  
 Sheboygan County (2020)  
 Roads: WISLR (2017)

- Park
- Mead Public Library
- School
- Bus Routes
- TID/TIF District
- Waterbody
- City of Sheboygan
- Municipal Boundary

## Target Areas for Affordable Housing

Sheboygan Housing Study  
 City of Sheboygan  
 Sheboygan County, WI

# IMPLEMENTATION

Previous chapters have laid the groundwork for how the housing market in Sheboygan is functioning and where current and future gaps exist. This chapter focuses on strategies the City should use to fill these gaps identified in the housing market, with the overarching goal of improving housing affordability throughout the community.

## PRIORITY FOCUS

To focus on improving affordability, generating more of the most-needed units, and where the most opportunity lies for the City, it is recommended that the following unit types and locations be prioritized for development:

### Unit Types Needed

- **Condo Ownership**—Attached ownership units with less land cost than detached single-family homes.
- **Senior Housing**—Independent and assisted living units for the growing senior population.
- **Missing Middle Housing**—Varied housing forms with 2-16 attached units, either rental or condo, addressing both affordability and neighborhood compatibility (see below for structure types).
- **3+ Bedroom Rentals**—Quality units appropriately sized for families.

### Location

- **Infill Development**—The City has limited greenfield growth opportunities. Put a high priority on infill housing of various types, especially downtown and along certain corridors or neighborhood enhancement nodes.

## STRATEGIES FOR IMPLEMENTATION

### Capacity Building & Communication Housing Committee

A Housing Committee can be the driving force to implement this plan, including providing oversight on the development and administration of funding programs, supporting public outreach about the City’s housing needs and programs, and supporting updates to this Plan as the market shifts and outside funding programs change year by year. This should be the first implementation step taken. Public outreach is going to be a critical function of this Committee to communicate the need for affordable housing in the community. The Housing Committee should aim to achieve (or exceed) the recommended units under the high growth projections within the City. There are many amenities and employment opportunities that make the City an attractive place to live, and it is likely with the right housing types and price points the City has a genuine opportunity to attract more of the housing and community growth that has been flowing into other jurisdictions.

This Committee can draw from local experts knowledgeable about the housing market within the community including developers, realtors, landlords, non-profits, lenders, and major employers. Because the greater Sheboygan area is home to a number of major employers who foresee continued business expansions and hiring, it is important to include employers as they have a pulse on the salary ranges of employees being recruited to the area, which



# STRATEGIES FOR IMPLEMENTATION

plays a key role in affordability. Employers are important allies in the effort to maintain balance between incomes and housing affordability.

## **Housing for All**

In all of the programs, strategies, and communication the City has related to housing, a core message that should be that the City believes in access to safe, affordable housing options for all. Especially for certain groups within the population who struggle to find adequate housing more than others—those with a criminal record, prior evictions, the homeless, and low-income residents. Programs that focus on expanding housing options for these groups should be a priority for the City.

## **WHEDA Events**

Ensure the City participates in the annual WHEDA conference, and other events hosted by WHEDA, with the goal of networking with developers. According to developers, one of the most important factors in their decision about where to develop is how supportive and flexible staff and elected official will be. The City should have a goal of making that a clear message to developers and come prepared with any opportunities that could be discussed.

## **Developer Summits**

For the past five years the City has held day long Developer Summits in conjunction with the Sheboygan County Economic Development Corporation (SCEDC) to provide information about the community and potential development/redevelopment sites through a series of presentations, tours and demonstrations. The City has seen success from past events and should continue to host these, with a focus on inviting local, affordable housing developers.

## **Initiatives**

### **Neighborhood Associations**

Continue promoting neighborhood identity and social cohesion through development of neighborhood associations. Several interviewees focused on the importance of creating a sense of community at the neighborhood level. The City could also use Neighborhood Associations as a way to engage residents in neighborhood planning efforts and developments that might impact a particular area. For major developments in/near a neighborhood that may provoke some controversy, the Common Council/local alderperson should work with the appropriate neighborhood association(s) to host a neighborhood meeting where the developer can present

to and seek feedback from the neighborhood. Currently the City requires developers to provide a mailing notifying neighborhoods if a development is being proposed in the area.

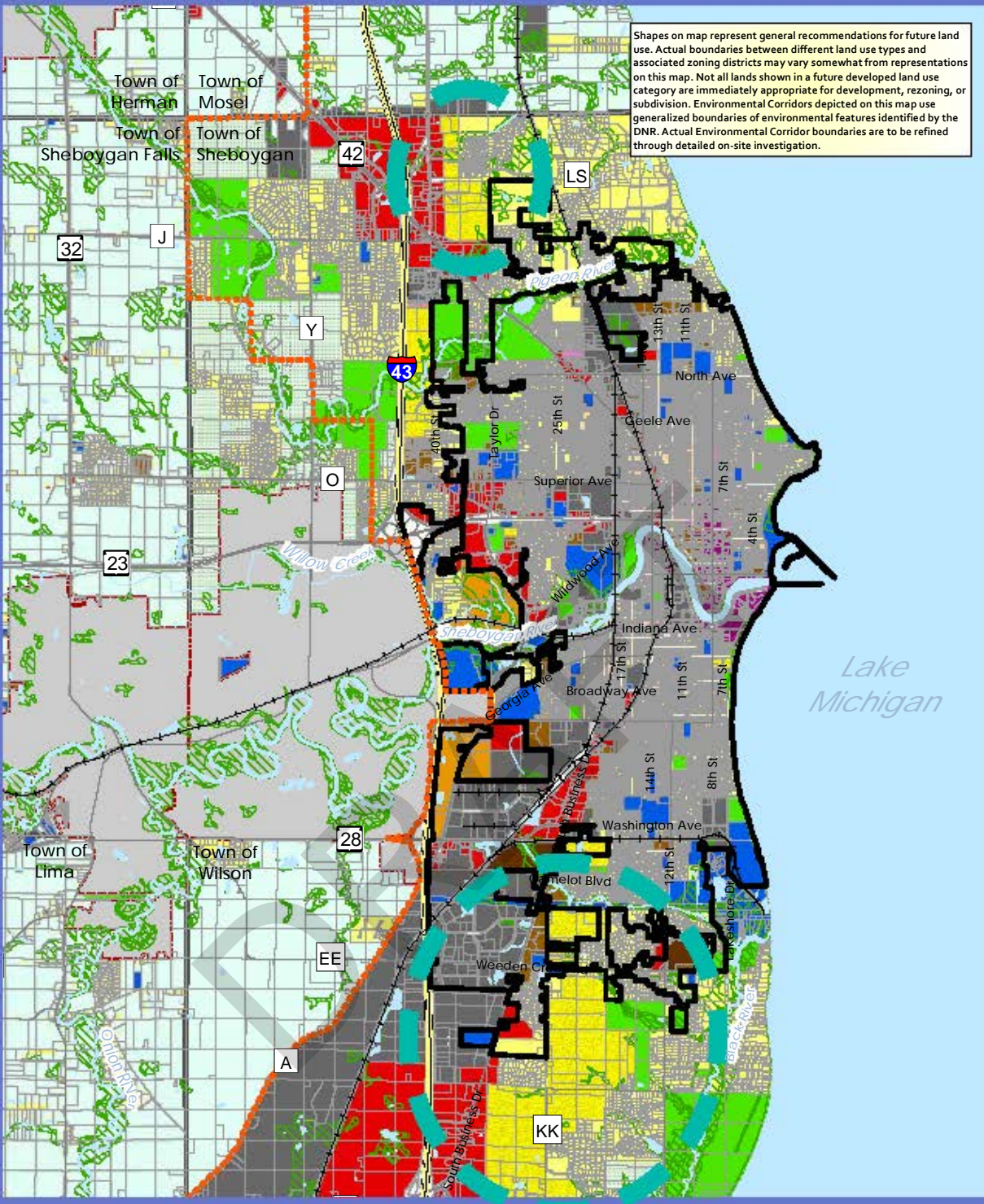
## **City-Owned Properties**

The City should identify properties that would be prime for redevelopment, in particular downtown, as well as locations in existing neighborhoods where smaller development projects (three-, four-plex, or small-multi-family) serve as a means to increase affordability. If the zoning code is amended to allow multi-family by right in some districts, this effort could include parcel rezones as multi-family properties are not currently allowed by right in any of the residential districts. There are several available properties that may currently be good candidates for purchase—the 7-acre Aurora Hospital site may be ideal for condos or townhomes; and the old senior center property (2.5 acres) may be a good opportunity to develop small-scale affordable housing.

The City should consider purchasing these properties through the Redevelopment Authority and advertising them on the City's website. A successful example of a community currently identifying, purchasing and selling lots is the City of Green Bay. The City has a portfolio of sites available for single- and multi-family residences, as well as mixed uses. Contractors, developers and potential homeowners are invited to submit a proposal for the intended use of a property. For multi-family projects the City issues RFPs outlining what they are looking for on a property. For residential sites the City's "New Homes in Your Neighborhood" program offers grants up to \$25,000 for homeowners/developers and pre-approved house designs. Single-family units are required to be owner-occupied.

## **Neighborhood Master Plans**

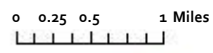
The City has two primary growth areas within its extraterritorial jurisdiction that are designated as planned neighborhoods (see circled areas on next page). The planned neighborhood to the south already includes land that is being annexed to the City. These two areas offer opportunities for the City to set a vision focused on making these neighborhoods walkable, including a mix of uses, a variety of housing types at differing price points (including Accessory Dwelling Units), quality parks and open spaces, and neighborhood gathering spaces. Careful site designs will be a key part of the success of these new neighborhoods. Neighborhoods that incorporate good urban design will also be more likely to attract residents



Shapes on map represent general recommendations for future land use. Actual boundaries between different land use types and associated zoning districts may vary somewhat from representations on this map. Not all lands shown in a future developed land use category are immediately appropriate for development, rezoning, or subdivision. Environmental Corridors depicted on this map use generalized boundaries of environmental features identified by the DNR. Actual Environmental Corridor boundaries are to be refined through detailed on-site investigation.

Map 2-1 Future Land Use City of Sheboygan Comprehensive Plan

City of Sheboygan Municipal Boundary	Agricultural/Rural	Community Mixed Use
Other City or Village Municipal Boundaries	Single Family Residential	Central Mixed Use
Town Boundaries	Neighborhood Preservation	Institutional and Community Facilities
City of Sheboygan Extraterritorial Jurisdiction	Two Family Residential	Employment
Major Road	Multi Family Residential	Public Parks and Open Space
Interstate	Mobile Home Park	Town Development Area
Railroad	Planned Neighborhood	Environmental Corridor
Water	Neighborhood Mixed Use	
	Office Park	



Adopted: 12/5/2011  
 VANDEWALLE & ASSOCIATES INC.  
 Shaping places, shaping change  
 Data Sources: City of Sheboygan, DNR, V&A, Bay Lake RPC, Sheboygan County



# STRATEGIES FOR IMPLEMENTATION

and reinvestment in the future. These new, well-planned neighborhoods should serve as models for other areas of the City of how mixed use neighborhoods can look and function. Along with the creation of these master plans, the City should use its Official Mapping power to reinforce the desired development outcome. It should be the intention of the City to eventually seek annexations in these areas, and in the meantime ensure that town development is aligned with the neighborhood master plans.

## **Tenant Resource Center**

The City should consider creation of a Tenant Resource Center (possibly an expansion of services offered by CCCS) dedicated to promoting positive relations between tenants and landlords. Services that might be provided include housing counseling and an eviction clinic. The eviction clinic can provide information about landlord and tenant rights, housing law, services for eviction court and assistance securing housing after eviction. The greater Madison area has seen success with this type of center.

## **Regulation**

### **Zoning Code—Multi-Family as a Permitted Use**

Currently multiplex and apartment dwellings are allowed as conditional uses in all residential districts. The City should consider expanding the types of dwelling units permitted by right in each residential district to allow more development by right outside of single-family and twin homes/duplexes. It may also be appropriate to build in certain transitional design requirements to address compatibility with adjacent single family homes.

### **Zoning Code—Reduce Setbacks**

The City should reduce front and side yard setbacks in all residential districts. Variances are a regular part of the redevelopment process in the City due to the smaller size of existing lots. Staff and Planning Commission are typically supportive of these variances, but it is an added layer of paperwork, approvals and fees that could be avoided by a code change.

### **Zoning Code—New Residential District**

The City could create a new residential district to enable smaller lots on alleys. A district that specifically makes development of smaller, more affordable homes easier and reduces the need for applicants to request variances take less time and money for the City and developers. In this new small lot district, lots should be 45 ft. wide and have reduced front, side and back yard setbacks to accommodate alleyways. Front yard setbacks should be between 10 ft. and 20 ft., side setbacks between 5 ft. and 10 ft., and rear setbacks a minimum of 5 ft.

## **Code Enforcement Program**

The City's targeted code enforcement program is recognized as a success for improving the appearance and (real/perceived) safety of neighborhoods and main corridors. One downside to the program, especially for older homeowners and those with low incomes and little equity in their homes, is that it can create hardships for those already struggling. However, due to the overall success of the program and older age of the City's housing stock, it is important the City have dedicated staff for its Code Enforcement Program. The City should continue to make resources available for home rehabilitation and work with willing property owners, applying empathy and offering solutions to solve problems. Working and problem solving with property owners takes more time than simply writing out a code violation letter, but it an important part of the program. The City should also continue to take legal action with property owners that are unwilling to remedy their violation(s).

## **Infrastructure for New Developments**

To lower the cost of new greenfield development, the City should continue being flexible with developers on curb requirements and allowing modified urban cross sections. Any savings that can be realized on infrastructure, while still maintaining good, safe design, should be utilized as these cost savings are passed onto homebuyers.

## **Funding**

### **Neighborhood Revitalization Fund**

The City could expand the use of its Neighborhood Revitalization Fund to be a general purpose funding vehicle that can serve various affordability initiatives anywhere in the City. This can be used for matching funds, land purchase, new construction, renovation and downpayment assistance. Funds could come from TIF Affordable Housing One-Year Extensions (the City is already doing this), general obligation bonds, sale of surplus land, general fund budgeting and private contributions. This funding could be leveraged to make developers more competitive when applying for Low Income Housing Tax Credits (LIHTC). This fund could be sustained over time, at least in part, by offering loans rather than simply grants. A mix of 50% forgivable loan and 50% low-interest repayment within 5-15 years should be considered.

### **Workforce Housing Fund**

The City could facilitate the creation of a Workforce Housing Fund for affordable units for workers in the region, similar to what was done in Dane County. A number of major employers and investors in Dane County have worked together to create this fund which has

# STRATEGIES FOR IMPLEMENTATION

\$11.85 million committed so far. This fund offers investors a modest return on their investment as incentive. The employer partners benefit by helping ensure affordable, stable housing for the community which will attract and retain employees. A Technical Advisory Committee oversees the fund in Dane County and includes a variety of housing experts and investors. The fund is administered by Madison Development Corporation, a non-profit that owns and manages affordable housing and provides loans for hard-to-finance businesses. Applications are accepted for the fund and eligible projects are required to have a 15 year affordability minimum (40% to 80% AMI).

## **Tax Increment Financing—Affordable Housing Incentives**

The City should use TIF for the construction of infrastructure - water, roads, utilities, sewer - necessary to encourage the development of housing, within the statutory limits as they exist or may be revised to further address housing affordability.

## **Tax Increment Financing - Affordable Housing One-Year Extension**

A TIF district can be held open for one additional year beyond its planned or maximum duration to generate funds that will be used for affordable housing. All of the increment collected in that extra year can be used for housing anywhere in the City, with the stipulation that 75% must be used for affordable housing. More information can be found in section 66.1105(6)(g) of the State statutes. The City will have at least four TIFs closing over the next ten years, which is an important opportunity to build and sustain an Affordable Housing Trust Fund.

## **Federal Low Income Housing Tax Credit (LIHTC) - Section 42 Housing**

LIHTC (or Section 42) is a federal program which gives the Wisconsin Housing and Economic Development Authority (WHEDA) the authority to issue tax credits for acquisition, rehabilitation or new construction of rental housing for low-income households. There are two type of tax credits available through this program: 1) Federal 9% Tax Credit (competitive) and 2) Federal 4% Tax Credit (non-competitive). Because the Qualified Allocation Plan (QAP) is updated every two years, and the scoring criteria usually changes, the City should ensure that at least one staff member stays up to speed on the current QAP and ways for developers to maximize points.

## **Wisconsin Low Income Housing Tax Credit (LIHTC)**

Similar to the federal LIHTC program, Wisconsin offers a 4% non-competitive state tax credit which can be used as match for the federal 4% program.

## **WHEDA 7/10 Flex Financing**

The City should encourage developers to apply for these low interest loans that require developers to set aside at least 20% of units to households at or below 80% AMI. This is a noncompetitive program and applications are accepted at any time. Loan amounts have a maximum of \$10 million. One drawback to the program is that it is not as desirable when interest rates are already low.

## **Downpayment Assistance**

Partners for Community Development, WHEDA and the Federal Home Loan Bank of Chicago (FHLBC) already have downpayment assistance programs which should be promoted. These programs are typically available for households at/below 80% AMI. The FHLBC Downpayment Plus program provides matching funds which could be matched from pools of local employers or from the City.

## **Federal Home Loan Bank Affordable Housing Program**

Encourage developers of rental projects to apply, and encourage local banks and single-family home developers to participate in the Federal Home Loan Bank (FHLB) Affordable Housing Program (AHP). Under this program a FHLB member bank can partner with a developer to apply for grant funds for rental projects where at least 20% of the units are affordable for and occupied by those at or below 50% AMI or owner-occupied programs for households at or below 80% AMI.

## **Rental Incentive**

Another topic that came up in multiple interviews and something other communities across the US are confronted with, is the difficulty those with criminal records face when trying to secure housing. The City could consider working with State Legislators to author a bill that would allow municipalities the ability to offer a local property tax credit to landlords who rent or renew a lease with someone convicted of a crime. A proposed bill in Illinois does just this—it offers an annual tax credit to landlords equal to 15% of the annual rent paid to a landlord by a qualified renter (someone who has been convicted of a crime).

## **Partnerships Habitat for Humanity**

Habitat for Humanity uses volunteer labor and donations to build and renovate affordable housing. The City should continue the partnership with Habitat by working to maintain a supply of lots for new Habitat home construction. This will require a collaboration with various developers to arrange potential sites. The City should also encourage the potential partnership between Habitat and the Library to rent tools out to residents and provide home maintenance courses.

# STRATEGIES FOR IMPLEMENTATION

## **Partners for Community Development**

This local non-profit developer currently offers weatherization, support for first-time homebuyers, and owns and manages affordable housing in the City. Partners for Community Development is interested in rehab of existing vacant buildings to keep the character of the community and build a sense of pride. This would be an activity that could be funded through the Affordable Housing Trust Fund.

## **Landlord Education**

Continue landlord education and advertisement about education opportunities because quality of rental units was a concern brought up in both the community survey and interviews.

## **Major Employers**

Major employers play an important role in the housing market in a community by bringing new people into the community or areas nearby. Employers have the best pulse on how many people they plan to hire, what their salaries (and budgets) will be, and what types of housing they may be looking for. In addition to inclusion of major employers on the City's Housing Committee, the City should convene a larger group of employers in the community at least annually to discuss housing issues and initiatives in the City. The goal of the meeting should be a better understanding about changes in housing demand in the region. By discussing housing initiatives with employers, the City could help gain private sector support for developments which might be more prone to "not in my back yard" (NIMBY) sentiments. Major employers could be a strong partner in advocating for new developments and for advocating for changes in policies and regulations that support the development of affordable housing.

## **Child Care and Health Care**

For proposed (larger) mixed use developments, seek out or explore the opportunity to partner with a property management company that offers as a feature of renting, access to a healthcare or child care provider. There is overlap between success as a renter and family health and function. Service providers, especially for low-income households, state that access to physical and mental healthcare, as well as child care, are major barriers to success for their clients. A related option would be to site affordable residential developments adjacent to healthcare or child care facilities. The Union Corners development in Madison, WI did a similar thing—it sited a new healthcare clinic adjacent to an affordable/market rate apartment building targeted to seniors.